

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

**For The Fiscal Year Ended
June 30, 2010**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOONE COUNTY FISCAL COURT

June 30, 2010

The Auditor of Public Accounts has completed the audit of the Boone County Fiscal Court for fiscal year ended June 30, 2010.

We have issued unqualified opinions, based on our audit and the report of other auditors, on the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information financial statements of Boone County, Kentucky.

In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Boone County's major federal programs, U.S. Department of Housing and Urban Development Section Eight Housing Rental Assistance Program (CFDA #14.871) and Recover Act-Energy Efficiency and Conservation Block Grant (CFDA# 81.128).

Financial Condition:

The fiscal court had net assets of \$231,322,472 as of June 30, 2010. The fiscal court had unrestricted net assets of \$25,751,866 in its governmental funds as of June 30, 2010, with total net assets of \$231,007,090. In its business-type activities, total net cash and cash equivalents were \$1,641,796 with total net assets of \$315,382. The fiscal court's discretely presented component unit had net assets of \$3,880,803 as of June 30, 2010. The discretely presented component unit had net cash and cash equivalents of \$4,518,413. The fiscal court had total debt principal as of June 30, 2010 of \$49,668,724 with \$ 3,689,288 due within the next year. The discretely presented component unit had total debt principal as of June 30, 2010 of \$1,565,200 with \$609,791 due within the next year.

Deposits:

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

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boone County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Boone County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Boone County, Public Properties Corporation Golf Course and the Boone County Assisted Housing Department which represents the following percentages of assets and revenues: Boone County Public Properties Corporation Golf Course-76% of the assets and 28% of the revenues of the business-type activities, and Boone County Assisted Housing Department-19% of the assets and 67% of the revenues of the business-type activities. Furthermore, we did not audit the financial statements of the Boone County Public Communications Center, a discretely presented component unit, which represents 100 percent of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boone County Public Properties Golf Course, the Boone County Assisted Housing Department, and the Boone County Public Communications Center, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boone County, Kentucky, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the People of Kentucky
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The management's discussion and analysis and budgetary comparison information, and the condition rating of the County's street system are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boone County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2012 on our consideration of Boone County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

June 19, 2012

BOONE COUNTY OFFICIALS

For The Year Ended June 30, 2010

Fiscal Court Members:

Gary W. Moore	County Judge/Executive
Cathy H. Flaig	Commissioner
Terri Moore	Commissioner
Charles E. Kenner, DMD	Commissioner

Other Elected Officials:

Robert D. Neace	County Attorney
Edward Prindle	Jailer
Rena Ping	County Clerk
Dianne Murray	Circuit Court Clerk
Michael A. Helmig	Sheriff
Cindy Arlinghaus	Property Valuation Administrator
Douglas M. Stith	Coroner

Appointed Personnel:

Lisa H. Buerkley	County Treasurer
Gregory V. Sketch	County Engineer

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited**

The financial management of Boone County, Kentucky offers readers of Boone County's financial statements this narrative overview and analysis of the financial activities of Boone County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

Financial Highlights.

- As of June 30, 2010, Boone County's net assets were \$231,322,472 which is a 3.4% increase from prior year. Total current assets of \$27,446,198 increased by \$1,142,363 or 4.2% and the fixed assets increased by 1.3% or \$3,392,938.
 - The \$1,142,363 current asset increase is mainly related to the cash and investment accounts in the General and Public Works Funds, which increased their cash balances by \$2,156,355 while the Capital Improvements Fund's balance decreased by more than \$1.5 million due to construction funds being depleted as projects are completed. The accounts receivable amounts were increased by nearly \$1 million due to increased dollars being received through payroll taxes and grant monies to be reimbursed.
 - The non current asset increase is largely due to the result of infrastructure increase in donated subdivision streets of nearly \$1.9 million. Increases in Construction in Progress by more than \$3.39 million for completion of the ongoing various projects explained later and land by \$154,518 also added to this increase. All other capital items decreased due to the small amount of capital purchased during cut backs.
 - Current and long term liabilities decrease of 5% or \$3,161,475 basically due to the principal payoff of debt.
- Program revenues offset 39% of Boone County's governmental activity expenses, totaling \$49,123,948. These revenues consist of grants, contributions and charges for services that the County is collecting in order to compliment using tax revenue. Last year's percentage was 37%, which basically means 2% less tax revenues were needed to fund expenditures.
- Boone County's total indebtedness at the close of the fiscal year was \$49,619,412, of which \$3,679,288 is short term (to be paid within one year).
- The County, through budgeted expenditures or grants received, spent nearly \$4.6 million on capital projects; including the following.
 - Land acquisition payment for eighty five acres purchased in FY04 for Valley Orchards Park in the amount of \$160,797. This land payment was paid in full in May 2010.
 - Two sidewalk projects began in FY09 and both projects should end in the beginning of the FY11 budget:
 - Safe Routes to School federal grant sidewalk project for the Conner Campus area. This project is estimated to cost \$341,937 in which the County received a 100% grant for a maximum of \$243,000. Expenditures for the current year were \$128,404, totaling \$145,283 for the project.
 - Transportation Enhancement federal grant (TE Grant) for the Hebron Business District which connects to the Conner Campus sidewalks are estimated at \$372,092 and will be reimbursed through the TE Grant at 80% up to \$206,200. Expenditures for the current year were \$60,697, totaling \$78,740.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

- **Financial Highlights. (Continued)**

- Design was completed in FY10 and all revenue secured for South Airport Connector Road (projected bid solicitations in early 2011 after state and federal highway reviews are complete). Total estimated cost of this 4 lane highway is nearly \$17,000,000. All dollars have been secured through federal and state grants with a total current expenditure for the road at \$4,387,870.
- Several smaller road projects or renovations were completed in FY10:
 - The expansion of turn lanes on Conrad Lane totaling \$179,931 funded by a CMAQ grant at 80% was completed.
 - Richwood Shoreland Drive Connector Road was built at an expense of \$288,481, largely funded by a grant.
 - Road slips were secured and repaired for Second Creek and Woolper Roads totaling \$40,830 and \$52,500, respectively. The County received a portion in Emergency Road Aid money to help with these projects.
- The County purchased an Underwater ROV with a Homeland Port Security Grant which totaled \$110,278.
- A mobile adoption unit was purchased for Animal Care and Control funded 100% through donations totaling \$124,755.
- Renovations continued on the Public Works Complex with current year expenditures of \$150,277 with the project totaling \$4,359,172. This project has one issue to be resolved and will be complete in early FY11. The construction of the Fire Training Center with expenditures totaling \$827,554 for the year and the project at \$1,747,062. This project should also be complete within the 2011 Fiscal Year with only a few minor bills to pay.
- Operating capital purchased included \$255,504 in Sheriff's vehicles and \$175,806 for two Public Works' dump trucks.

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 consist of a statement of net assets and a statement of activities. The financial statements include all activities for which the Boone County Fiscal Court is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and another separate legal entity that is included as a component unit.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Government Wide Financial Statements, cont'd.

The primary government includes the following legal entities:

- Boone County Fiscal Court, including Boone County Public Golf Courses and Assisted Housing
- Boone County Public Properties Corporation

The component unit presentation includes the following legal entity:

- Boone County Public Safety Communication Center

The financial information of the County "as a whole" is reported in the two government wide financial statements (pages 17 through 21). One of the most important questions to ask is whether the County is in better financial shape as a result of the year's activities. The two government wide financial statements will help answer this question. These two statements report the County's net assets and changes in them. You can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the roads and other infrastructure, to assess the overall health of the County.

In the year ending June 30, 2004, the County converted the government wide financial statements from the modified cash basis of accounting to the modified accrual basis of accounting. With this conversion the County is in compliance with generally accepted accounting principles.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three types of activities: governmental, business and component unit.

- **Governmental Activities** - Most of the County's basic services are reported in this section, including police protection, roads and public works, parks, jail, emergency management, water rescue, building inspection, animal care and control, and social services. The proprietary fund of Self Insurance is also included in the governmental activities totals. Governmental activities also include the general administration of the County, all capital projects and mental health, mental retardation and aging programs. These programs and services are funded 36% by program revenues which include charges for services and federal, state and local operating and capital grants. The Statement of Activities show a positive change in net assets of \$7,598,051 but reflects a decrease of 30% in the change for the previous year of over \$11 million. Revenues were slightly down from FY09 by 2.4% and the expenses increased by 5.7% due to more roads paved and ongoing capital projects, funded by grants and bond proceeds, continuing toward completion.
- **Business-Type Activities** – The County has business-type funds; the jail canteen, assisted housing, and golf course fund. Each of these funds charges a fee to customers to help cover the cost of these services. In FY10, the program revenues covered 97%, which the Jail Canteen and Assisted Housing being self sufficient. The Golf Course resulted in a negative change in assets but was self sufficient for the FY10 and did not have to borrow money from the General Fund but depleted their cash balance. The total negative change in net assets was \$298,070.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Government Wide Financial Statements, cont'd.

- Component Unit Activities – Although the Public Safety Communications Center (PSCC) is a separate legal entity, the financial statements include its activities as a separate component unit since the County is financially accountable. PSCC is governed by a separate Board appointed by County and City officials. Boone County and the City of Florence fund any operating deficits of this entity at a 75% - 25% ratio, respectively. The capital is funded at 100% by a 911 surcharge levied by the County.

Fund Financial Statements

The fund financial statements (pages 23 through 41) focus on the individual funds of the County's government. These fund financial statements report the County's operations in more detail than the government wide statements by providing information on the County's most significant funds. The four funds deemed “major” are general, road and bridge, jail, and capital improvements funds.

- Governmental funds are used to report most of the County's basic services. These funds provide a short-term view of the County's operations. The County currently has twelve governmental funds and adopts a budget for each except Public Properties, self insurance and HRA accounts. These funds provide the reader with information to help determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs. We describe the difference between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on pages 73 and 74.
- Proprietary funds are used to report operations the County treats as business type activities. The focus is to earn a profit or at least break even. The County charges either outside customers or other units of government for services reported in these funds. The County currently has three proprietary funds; Jail Canteen Fund, Assisted Housing Fund, and Golf Course Fund.
- The Self Insurance and HRA Funds are combined and considered a Governmental Activity – Internal Service Fund and therefore combined in the governmental activities portion of the government wide statements.
- Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for another group or individual. Activities from these types of funds are not included in the government wide financial statements because the County cannot use the assets from the funds in daily operations. The County currently has five fiduciary funds; Jail Prisoners Cash Fund, School Board Tax Fund, Waterline Fund, Motor Vehicle Rental Tax Fund, and Flexible Spending Account.

Notes to the Financial Statements

The notes to the financial statements (pages 42 through 68) 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.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Required Supplementary Information

The budgetary comparison schedules (pages 70 through 72) for the four major special revenue funds provide information that supplements the government wide and fund financial statements.

Other required information is the Condition Rating of the County's Road System. The Public Works Department is utilizing the modified approach method in valuing the County's maintained road system. The modified approach establishes a minimum condition level set for all Boone County maintained roads. The Public Works Department will maintain the necessary condition level through its Pavement Management Program which establishes a Pavement Quality Index (PQI) when the roads are analyzed (every 3 to 4 years) on a range from 2.0 to 10.0. The County has and will continue its commitment to preserve and maintain the road system at a level of at least 7.0 on all collector roads and 6.0 on other local roads. Using this approach, the roads will maintain the asset value of construction or historic cost, whichever is available, and will not depreciate each year. The dollar value of the road will not increase unless a significant level of service is improved. Each year the Public Works Department is responsible for maintaining this condition level and the Fiscal Court is responsible for budgeting annually the estimated amount to expend for maintaining all roads at this level. When a road/street is scheduled to fall below the minimum PQI in a given fiscal year, the road/street will be listed to be rehabilitated in that year and placed on the yearly paving list submitted to the Court through the budget process. The PQI is upgraded upon rehabilitation and by doing this the County fulfills the requirements of the Modified Approach.

Supplementary Information

The Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances – Non Major Governmental Funds (pages 77 and 81) present the activities of the non-major governmental funds.

The Schedule of Expenditures of Federal Awards (pages 83-84) provides information required pursuant to the Office of Management and Budget (OMB) Circular A-133 of all federal grant money received by the County

Basis of Accounting

The County has converted all financial information to the modified accrual basis of accounting as required by generally accepted accounting principles (GAAP). Under this basis of accounting, revenues are recorded when the resources are measurable and available and expenditures are recorded in the accounting period in which the related fund liability is incurred. In previous years, certain assets such as accounts receivable and certain liabilities such as accounts payable were not recorded in the financial statements, therefore limiting the reader of the full effect of the financial statements. The Boone County budget is adopted on a cash basis of accounting, which is required by the Kentucky Constitution. The schedule on page 73 reconciles the actual results of the cash basis budget and the accrual basis fund statements.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
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.

Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>
Current Assets	\$ 24,114,040	\$ 25,804,402	\$ 2,189,795	\$ 1,641,796	\$ 26,303,835	\$ 27,446,198
Non-Current Assets	256,149,057	259,874,775	4,502,591	4,169,811	260,651,648	264,044,586
Total Assets	280,263,097	285,679,177	6,692,386	5,811,607	286,955,483	291,490,784
Current Liabilities	9,146,433	8,228,753	960,217	982,150	10,106,650	9,210,903
Long-Term Liabilities	48,094,944	46,443,334	5,118,718	4,514,075	53,213,662	50,957,409
Total Liabilities	57,241,377	54,672,087	6,078,935	5,496,225	63,320,312	60,168,312
Net Assets:						
Invested in capital assets, net of related debt	198,679,958	205,255,224	1,602,773	2,037,610	200,282,731	207,292,834
Restricted			539,197	286,579	539,197	286,579
Unrestricted	24,341,762	25,751,866	(1,528,519)	(2,008,807)	22,813,243	23,743,059
Total Net Assets	\$ 223,021,720	\$ 231,007,090	\$ 613,451	\$ 315,382	\$ 223,635,171	\$ 231,322,472

At June 30, 2010, the County's net assets exceeded its liabilities by \$231,322,472, an increase of 3.4%, or \$7,598,051 from the prior year. The majority of the County's total assets (89.1%) are invested in capital assets which include land, buildings, infrastructure, equipment and vehicles. These assets are listed under the non-current assets section as capital and infrastructure assets. The unrestricted net asset amount of \$23,743,059 (an increase of 3.9% from the prior year) represents the amount the County must use to operate on a day-to-day basis to provide basic services, all operating expenses and any capital construction. The restricted amount under business activities of \$286,579 is the Assisted Housing Reserve which represents a 47% decrease from FY2009. These dollars are set aside for specific projects determined by the Assisted Housing Department and the Department of Housing and Urban Development (HUD).

In comparing the Statement of Net Assets to the prior year, some other key points to consider are below:

- In governmental activity, an increase in current assets of 6.8% was based on two main reasons; cash and investments increased by 4.7%, or \$634,602, over FY09 mainly due to the current economic conditions a very conservative approach was taken by the County to eliminate most all capital projects and expenditures, employee salary freezes and hiring, limiting training and discretionary spending. Also, the accounts receivables increased by nearly \$1 million mainly from payroll tax receipts in the last quarter being higher and grant dollars being received after June 30th.
- An increase in governmental capital assets of 1.5%, or \$3,725,718, is due to approximately \$2 million in donated subdivision streets and land during FY10 and other capital projects completed as explained in the financial highlights section.
- Total liabilities under governmental activities demonstrated a decrease to the current and non-current debt payables of \$2,286,790 or 4.8% and accounts payable current liabilities decreasing by nearly \$419,338, or 24%. With these decreases, the total liabilities only decreased by 4.5% due to the full liability reserved for the Boone County's Health Reimbursement Arrangement (HRA).
- In the business activity, a decrease in net assets of 47% or approximately \$298,000 is predominantly due to the Assisted Housing Fund and Golf Course showing a net loss of \$221,852 and \$118,953, respectively compared to net incomes in FY09. The Assisted Housing Fund showed a loss due to a large renovation capital expenditure taken from their restricted reserves.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Financial Analysis of the County as a Whole (Continued)

Statement of Activities

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,843,655	\$ 4,662,418	\$ 3,033,284	\$ 2,813,777	\$ 7,876,939	\$ 7,476,195
Operating Grants and Contributions	9,965,009	8,867,754	5,609,923	5,668,863	15,574,932	14,536,617
Capital Grants and Contributions	2,432,541	5,693,977			2,432,541	5,693,977
Program revenues funded	17,241,205	19,224,149	8,643,207	8,482,640	25,884,412	27,706,789
General Revenue:						
Taxes	33,612,723	34,224,530			33,612,723	34,224,530
License Fees and Permits	247,416	220,081			247,416	220,081
Excess Fees	669,143	635,991			669,143	635,991
Rental Income	149,708	138,617			149,708	138,617
Investment Earnings	249,981	155,119	22,864	11,116	272,845	166,235
Gain on Donated Roads/Land	5,561,007	2,317,596			5,561,007	2,317,596
Gain on Sale of Fixed Assets	3,258	18,863			3,258	18,863
Reimbursements	42,065	85,123			42,065	85,123
Other	5,975				5,975	-
Total Revenues	57,782,481	57,020,069	8,666,071	8,493,756	66,448,552	65,513,825
Expenses						
General Government/Administration	4,914,066	4,428,531			4,914,066	4,428,531
Protection to Persons and Property	16,218,417	16,081,125			16,218,417	16,081,125
General Health and Sanitation	1,830,923	1,833,336			1,830,923	1,833,336
Social Services	1,338,365	1,139,652			1,338,365	1,139,652
Recreation and Culture	1,900,767	1,945,160			1,900,767	1,945,160
Roads	2,692,643	3,478,319			2,692,643	3,478,319
Capital Improvements	2,937,688	5,133,512			2,937,688	5,133,512
Administration	12,882,031	12,904,663			12,882,031	12,904,663
Interest on Long-Term Debt	1,930,106	2,179,650			1,930,106	2,179,650
Jail Canteen Fund			380,100	386,508	380,100	386,508
Golf Course Fund			2,558,342	2,514,603	2,558,342	2,514,603
Assisted Housing Fund			5,530,689	5,890,715	5,530,689	5,890,715
Total Expenses	46,645,006	49,123,948	8,469,131	8,791,826	55,114,137	57,915,774
Change in Net Assets	11,137,475	7,896,121	196,940	(298,070)	11,334,415	7,598,051
Net Assets - Beginning Year	211,884,245	223,110,969	416,512	613,452	212,300,757	223,724,421
Net Assets -Ending Year	\$ 223,021,720	\$ 231,007,090	\$ 613,452	\$ 315,382	\$ 223,635,172	\$ 231,322,472

During FY 2010, the year end net assets totaled \$231,007,090 which was 3.5% greater than FY09 for governmental activities and ending net assets for business-type activities were \$315,382, a decrease of 47%.

Due to the continued downturn in economic conditions over the past couple years the decreases in operating grants/contributions and charges for services have followed suit. The program revenues in total increased due to the large capital grants received of more than \$1.5M from FY09. The total governmental activity revenues for decreased by 1.4% or nearly \$1M.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Financial Analysis of the County as a Whole (Continued)

As stated earlier for the past couple of years, a very conservative budgeting approach has been taken by the County to eliminate most all capital projects and expenditures, employee salary freezes, hiring restrictions, and limiting training and discretionary spending. The conservative spending efforts over the years provided the County with good reserves and allowed in FY10 to begin some needed capital projects on roads, sidewalks and other infrastructure. Most capital improvements, other than regular maintenance of roads, were funded partially or fully by grants. With an increase in total expenses of 5.7%, or \$2,692,711; \$3.2 million was an increase in capital improvements and roads leaving a decrease in the other expense categories of nearly \$640,000. This left a positive change in net assets (actual revenues exceeding actual expenditures) of \$7,896,121.

Significant changes compared to the prior year are listed below:

- What looks to be the largest decrease in revenues occurred in donated roads and land to the County totaling \$2,317,595, a large decrease of 140% or more than \$3.2M. This is strictly related to capital infrastructure asset increase and not a revenue decrease due to subdivisions being built has declined and streets donated to the County being less.
- Total taxes, including real estate, personal property, payroll and net profit, for FY10 increased by only 1.8% or \$611,806. The County still illustrated a small increase but previous years other than FY09 have commonly increased between 6% - 14%.
- Operating grants and capital grants under program revenues look to have significant changes but the interest on long-term debt was classified under capital grants in FY10 and operating grants in FY09. Without this reclassification, both areas showed increases of approximately \$2,263,951.
- Investment earnings continue to decrease due to interest rate decline.
- Total expenses increased by \$2,801,637 as explained above due to capital projects and roads, with the first four areas (general services to the County) decreasing more than \$819,000.
- The business-type activity program revenues decreased from 102% to 97% totaling \$8,482,640.
- The Jail Canteen Fund ended the year with a positive operating income of \$31,619 while the Golf Course and Assisted Housing both had net losses of \$118,953 and \$221,852, respectively.

Program revenues for the governmental activities were 39% of total revenue received. This explains that 39% of the revenues collected went directly to funding specific programs and offset the amount of general revenue needed for these programs. General revenues consist of all taxes, excess fees, borrowed money, donated roads and investment earnings, which cannot be directly traced to a function. The program revenues for governmental activity increased 2% for the fiscal year due primarily to capital grant dollar increases.

Administration and Protection to Persons and Property's activities are the largest users of the general revenue category. The administrative function includes all departments' fringe benefits, liability insurance and all contractual agreements, such as TANK and the Public Safety Communication Center. The other major user of general revenue is the protection to persons and property, which include the sheriff, jail, emergency management, water rescue, and building inspection departments.

Financial Analysis of the County's Funds

Fund financial statements generally distinguish between major and non-major funds with major funds presented individually. The County has four major funds; general, road and bridge, jail, and capital improvements. The County's governmental funds reflect a combined fund balance of \$28,246,928 of which \$22,600,474 is termed unreserved which allows these dollars to be used for day-to-day operational expenses for the following years budget. The fund financial statements for the governmental funds can be found on pages 23 - 30. An increase in fund balance in the General Fund of more than \$2.8 million from previous years is mainly due to the conservative budgets and a policy put in place to maintain a minimum 10% emergency reserve in the General

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Financial Analysis of the County's Funds (Continued)

Fund; along with the same reserves in the Public Works and Jail Funds. The Capital Improvements Fund decreased due the capital projects being completed and construction dollars depleted.

The County's proprietary funds' statements are shown on pages 32 through 39 with a total net asset decrease of \$298,070 from FY09 primarily due to accumulated depreciation.

- The current year's Golf Courses net operating loss of \$115,956 was a significant difference of FY09's net gain of \$41,027. As mentioned earlier concerning governmental funds, the golf course also adopted a conservative budgeting approach taken by the County to eliminate most all capital projects and expenditures, employee salary freezes, hiring restrictions, and limiting training and discretionary spending with operating expenses decreasing by more than \$220,000. Although the revenues decreased by more than \$188,000 the interest expense increased by nearly \$178,000. The bonds for the golf courses were refinanced during FY2010 and will be paid in full November 2013 and should provide the golf courses much relief on their bottom line.
- The Golf Courses have a booked liability to the General Fund in the amount of \$2,610,118 and \$150,000 to the Capital Improvement Fund, which is no increase from FY09. The Golf Course will begin to pay back both funds beginning in FY2014 after the current bonds are paid in full.
- The jail canteen fund's net assets ended with a net operating income of \$31,619. This amount fluctuates from year to year depending on the expenditures taken from this account.
- Assisted Housing's fund with a net operating loss of \$214,839 is due to their operating dollars being decreased by HUD.

The County has five fiduciary funds; School Board Tax Fund, Jail Prisoners' Fund, Waterline Fund, Motor Vehicle Rental Tax Fund and Flexible Spending Account, for which the statements are shown on page 41. These monies are restricted and we exclude them from the other statements because the County cannot use these assets to finance operations.

General Budgetary Highlights

There were no amendments to Boone County's budget in Fiscal Year 2010 although the County made various line item transfers within the budget to increase/decrease certain line items. Some transfers were inter-fund transfer but have no effect on the budget's bottom line. Throughout the year, general fund revenues collected were under budget by 1.43% as were operating expenses by a much larger 17.1%.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of Fiscal Year 2010, the government activities of the County had \$252,765,845 invested in a broad range of capital assets, including land, roads, water lines, buildings, equipment and vehicles. As shown on the chart to follow, the amount represents a net increase (including additions and deductions) of approximately \$4.3 million, or 2%, on the governmental activities and a decrease of \$142,447, or a negative 3%, on the business activities from the previous year. Due to the elimination of most capital purchases throughout the past couple of years, the governmental activities' increase in capital assets were only in the categories of construction in progress and Roads. The increase in roads is partly the product of more than \$2.3 million in donated roads to the County. The construction in progress are road, sidewalk and building renovation projects within the Capital Improvements Fund that have been funded fully or partially by grants or bonds and are still under construction.

The business activities continue to show a decrease due to the Golf Course and Assisted Housing having very limited capital budgets, with the golf course only purchasing a few pieces of turf equipment.

Capital Assets, net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>
Land	\$ 11,394,576	\$ 11,549,094	\$ 2,396,478	\$ 2,396,478	\$ 13,791,054	\$ 13,945,572
Roads, modified approach (not depr.)	166,385,681	168,962,243			166,385,681	168,962,243
Roads	21,463	19,841			21,463	19,841
Land Improvements	10,872,788	10,479,185	923,863	816,388	11,796,651	11,295,573
Building and Improvements	45,548,315	44,575,647	883,279	796,856	46,431,594	45,372,503
Construction In Progress	7,641,127	11,042,080			7,641,127	11,042,080
Vehicles, Machinery and Equipment	5,863,382	5,466,446	(1,732)	57,565	5,861,650	5,524,011
Furniture and Office Equipment	750,037	671,309	86,960	79,114	836,997	750,423
	<u>\$ 248,477,369</u>	<u>\$ 252,765,845</u>	<u>\$ 4,288,848</u>	<u>\$ 4,146,401</u>	<u>\$ 252,766,217</u>	<u>\$ 256,912,246</u>

A more detailed breakdown of the capital assets and depreciation can be found in Note 6 of the Notes to the Financial Statements, pages 54 through 57.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Debt

At June 30, 2010, the County had \$49,619,412 in bonds, leases and notes payable outstanding versus \$52,483,485 last year, a decrease of 5.54% - as shown on the chart below. The primary reason this number has continued to decrease is due to the County not borrowing additional dollars due to limited capital projects.

Outstanding Debt at Year-End

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>
General Obligation Bonds (backed by the County)	\$ 30,938,238	\$ 29,774,091	\$ -	\$ -	\$ 30,938,238	\$ 29,774,091
General Obligation Bonds (back by specific tax or fee)	4,201,762	4,230,909	-	2,102,717	4,201,762	6,333,626
Revenue Bonds and Notes (back by specific tax or fee revenues)	11,695,000	11,095,000	2,670,000	-	14,365,000	11,095,000
Notes Payable (backed by the County)	480,797	-	16,074	6,074	496,871	6,074
Capital Lease Payable	87,245	74,415			87,245	74,415
KIA Loan	2,394,369	2,336,206			2,394,369	2,336,206
	<u>\$ 49,797,411</u>	<u>\$ 47,510,621</u>	<u>\$ 2,686,074</u>	<u>\$ 2,108,791</u>	<u>\$ 52,483,485</u>	<u>\$ 49,619,412</u>

The County's general obligation bond rating is Aa1, a rating that has been assigned by national rating agency, Moody's Rating Service. The Kentucky Revised Statutes provide that a county will not incur net indebtedness for all purposes that exceed an amount equal to two percent (2%) of the value of the taxable property within the County's limits. According to Boone County's 2010 assessment this 2% total direct debt limitation is more than \$260 million dollars, which far exceeds the County's outstanding debt.

Economic Factors and Next Year's Budget

Fiscal Year 2010 witnessed the county's local economy continuing to experience evidence of the economic slowdown underway in our country. In particular, revenue sources related to the housing industry began to illustrate evidence of slippage. Revenue totals from building permit activity, development inspection fees and deed transfer tax (revenue originating from housing sales/transfers) all showed noticeable decline and overall reduced activity. Revenue from payroll tax receipts, the county's single largest source of revenue, was flat as demonstrated by a growth rate of 2.0% over the prior fiscal period. This rate of increase in FY09 was only 1% and was noticeably low compared with a much larger rate of increase over the preceding five year period. Real and personal property tax revenue continued to post increases but again small in nature compared to years past. State government has also experienced a significant decline in revenue which will translate, in part, to reductions in state aid for certain local government programs and services.

The administration began in FY09 and continues to take proactive steps to address the static nature of revenue in the General Fund. Examples of these efforts will include reducing the size of the workforce (via attrition), implementing a variety of cost saving measures and generally decreasing total departmental expenditures. Budgeting practices have resulted in more conservative forecasting for revenue and the reduction of discretionary spending on items such as equipment, capital improvement projects and specific line-item spending for individual county departments.

**BOONE COUNTY FISCAL COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
Unaudited
(Continued)**

Requests for Information

This financial report is designed to provide a general overview of Boone 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 Boone County Treasurer, PO Box 960 (2950 Washington), Burlington, KY 41005.

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**BOONE COUNTY
STATEMENT OF NET ASSETS**

June 30, 2010

**BOONE COUNTY
STATEMENT OF NET ASSETS**

June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 11,253,572	\$ 1,391,640	\$ 12,645,212	\$ 4,518,413
Investments	2,836,579		2,836,579	
Inventory		58,186	58,186	
Accounts Receivable	8,692,136	174,944	8,867,080	207,350
Deferred Charges	20,308	17,026	37,334	
Due From Boone County Golf Course	2,809,430		2,809,430	
Notes Receivable, Due Within One Year	192,377		192,377	
Total Current Assets	25,804,402	1,641,796	27,446,198	4,725,763
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation				
Land	11,549,094	2,396,478	13,945,572	
Land Improvements	10,479,185	816,388	11,295,573	
Buildings and Building Improvements	44,575,647	796,856	45,372,503	175,584
Computer Equipment & Software Equipment	3,984,457		3,984,457	4,713
Furniture and Office Equipment	671,309	79,114	750,423	
Vehicles	1,481,989	57,565	1,539,554	
Construction In Progress	11,042,080		11,042,080	564,447
Infrastructure Assets, Net of Accumulated Depreciation				
Restricted Cash	168,982,084		168,982,084	
Deferred Charges	2,782,277		2,782,277	
Notes Receivable, Due in More Than One Year	76,794	23,410	100,204	
Total Noncurrent Assets	4,249,859	4,169,811	264,044,586	935,725
Total Assets	259,874,775	5,811,607	291,490,784	5,661,488
LIABILITIES				
Current Liabilities:				
Compensated Absences Payable	9,404		9,404	210
Financing Obligation	13,470	6,074	19,544	609,791
Bonds Payable	2,888,452	711,548	3,600,000	
Note Payable	59,744		59,744	
Due To Capital Improvement Fund		10,000	10,000	
Accounts Payable	1,303,607	196,336	1,499,943	82,398
Accrued Payroll	357,663	54,756	412,419	57,278
Accrued Interest	578,271	2,277	580,548	4,578
Estimated Liability for Claims, HRA Accounts	252,298		252,298	
Accrued Other	2,765,844	1,159	2,767,003	
Total Current Liabilities	8,228,753	982,150	9,210,903	754,255

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

BOONE COUNTY
STATEMENT OF NET ASSETS
June 30, 2010
(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
LIABILITIES (Continued)				
Noncurrent Liabilities:				
Compensated Absences Payable	\$ 412,801	\$ 74,538	\$ 487,339	\$ 71,021
Due To General Fund		2,610,118	2,610,118	
Due To Capital Improvements		189,312	189,312	
Financing Obligation	60,945		60,945	955,409
Bonds Payable	42,211,548	1,391,169	43,602,717	
Note Payable	2,276,462		2,276,462	
Estimated Liability For Claims-HRA Accounts	1,481,578		1,481,578	
Accrued Other-Non-Current		248,938	248,938	
Total Noncurrent Liabilities	<u>46,443,334</u>	<u>4,514,075</u>	<u>50,957,409</u>	<u>1,026,430</u>
Total Liabilities	<u>54,672,087</u>	<u>5,496,225</u>	<u>60,168,312</u>	<u>1,780,685</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	205,255,224	2,037,610	207,292,834	(629,475)
Restricted For:		286,579	286,579	
Grant Projects				4,510,278
Unrestricted	25,751,866	(2,008,807)	23,743,059	
Total Net Assets	<u>\$ 231,007,090</u>	<u>\$ 315,382</u>	<u>\$ 231,322,472</u>	<u>\$ 3,880,803</u>

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

**BOONE COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2010

**BOONE COUNTY
STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2010

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 17,333,194	\$ 613,700	\$ 879,213	\$
Protection to Persons and Property	16,081,125	3,127,191	4,011,571	10,084
General Health and Sanitation	1,833,336	141,296	1,599,721	
Social Services	1,139,652	52,946	852,849	
Recreation and Culture	1,945,160	379,188	146,705	17,500
Roads	3,478,319	311,235	878,879	2,538,870
Debt Service	2,179,650			1,229,452
Capital Projects	5,133,512			1,898,071
Administration		36,862	498,816	
Total Governmental Activities	<u>49,123,948</u>	<u>4,662,418</u>	<u>8,867,754</u>	<u>5,693,977</u>
Business-type Activities:				
Jail Canteen	386,508	418,127		
Golf Course Fund	2,514,603	2,395,650		
Assisted Housing	5,890,715		5,668,863	
Total Business-type Activities	<u>8,791,826</u>	<u>2,813,777</u>	<u>5,668,863</u>	
Total Primary Government	<u>\$ 57,915,774</u>	<u>\$ 7,476,195</u>	<u>\$ 8,867,754</u>	<u>\$ 5,693,977</u>
Component Unit:				
Public Safety Communication Center	<u>\$ 3,337,941</u>	<u>\$ 1,961,472</u>	<u>\$ 2,422,660</u>	<u>\$ 0</u>

General Revenues:

Taxes:

Real Property Taxes

Tangible Property Taxes

Franchise Taxes

Occupational Taxes

Motor Vehicle Taxes

Other Taxes

Reimbursements

License Fees and Permits

Excess Fees

Rental Income

Unrestricted Investment Earnings

Donated Assets

Gain on Sale of Assets

Miscellaneous Revenues

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

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

BOONE COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2010
(Continued)

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
\$ (15,840,281)	\$	\$ (15,840,281)	\$
(8,932,279)		(8,932,279)	
(92,319)		(92,319)	
(233,857)		(233,857)	
(1,401,767)		(1,401,767)	
250,665		250,665	
(950,198)		(950,198)	
(3,235,441)		(3,235,441)	
535,678		535,678	
(29,899,799)		(29,899,799)	
	31,619	31,619	
	(118,953)	(118,953)	
	(221,852)	(221,852)	
	(309,186)	(309,186)	
(29,899,799)	(309,186)	(30,208,985)	
			1,046,191
9,637,162		9,637,162	
1,745,431			
1,750,284			
18,750,781		18,750,781	
1,146,328		1,146,328	
1,194,544		1,194,544	
85,123			
220,081			
635,991		635,991	
138,617			
155,119	11,116	166,235	26,575
2,317,596			
18,863		18,863	
			1,202
37,795,920	11,116	31,549,904	27,777
7,896,121	(298,070)	7,598,051	1,073,968
223,110,969	613,452	223,724,421	2,806,835
\$ 231,007,090	\$ 315,382	\$ 231,322,472	\$ 3,880,803

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

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**BOONE COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2010

BOONE COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Road Fund	Jail Fund	Capital Improvements Fund
ASSETS				
Cash and Cash Equivalents	\$ 7,123,948	\$ 1,146,265	\$ 881,719	\$ 837,931
Investments	180			2,833,770
Notes Receivable	1,705,239			2,736,997
Accounts Receivable	6,720,244	441,745	576,947	327,229
Due From Boone County Golf Course	2,610,118			199,312
Restricted Cash	2,782,277			
Total Assets	<u>20,942,006</u>	<u>1,588,010</u>	<u>1,458,666</u>	<u>6,935,239</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	192,251	97,339	69,990	155,351
Accrued Payroll	203,622	79,856	74,185	
Compensated Absences Payable	235,306	130,353	56,546	
Net Profit Tax Extension Payable	2,765,844			
Total Liabilities	<u>3,397,023</u>	<u>307,548</u>	<u>200,721</u>	<u>155,351</u>
FUND BALANCES				
Reserved for:				
Other Accounts				5,376,120
Unreserved				
General Fund	17,544,983			
Special Revenue Funds		1,280,462	1,257,945	
Capital Projects Fund				1,403,768
Debt Service				
Other				
Total Fund Balances	<u>17,544,983</u>	<u>1,280,462</u>	<u>1,257,945</u>	<u>6,779,888</u>
Total Liabilities and Fund Balances	<u>\$ 20,942,006</u>	<u>\$ 1,588,010</u>	<u>\$ 1,458,666</u>	<u>\$ 6,935,239</u>

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

BOONE COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010
(Continued)

Non- Major Funds	Total Governmental Funds
\$ 952,559	\$ 10,942,422
2,629	2,836,579
	4,442,236
625,971	8,692,136
	2,809,430
	2,782,277
1,581,159	32,505,080
197,509	712,440
	357,663
	422,205
	2,765,844
197,509	4,258,152
270,334	5,646,454
	17,544,983
1,110,687	3,649,094
	1,403,768
2,629	2,629
1,383,650	28,246,928
\$ 1,581,159	\$ 32,505,080

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

BOONE COUNTY
BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2010
(Continued)

Reconciliation of the Balance Sheet- Governmental Funds to the Statement of Net Assets:

Total Fund Balances		\$ 28,246,928
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:		
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.		
Cost of Capital Assets	\$ 275,871,669	
Accumulated Depreciation	<u>(23,105,824)</u>	252,765,845
Bond Issuance Costs Reported in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds		97,102
Internal service fund is used by management to charge the cost of health insurance To individual funds. The assets and liabilities are included in governmental activities On the statement of net assets		(2,013,893)
Long-term Liabilities Are Not Due And Payable In The Current Period And, Therefore, Are Not Reported In The Funds.		
Accrued Interest on Bonds	(578,271)	
Due within One Year - Bonds, Notes, and Other Principal Payments	(2,961,666)	
Due in More than One Year - Bonds, Notes, and Other Principal Payments	<u>(44,548,955)</u>	<u>(48,088,892)</u>
Net Assets Of Governmental Activities		<u>\$ 231,007,090</u>

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2010

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended June 30, 2010

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Capital Improvements Fund</u>
<u>REVENUES</u>				
Taxes	\$ 32,839,464	\$	\$	\$
In Lieu Tax Payments	206,089			
Excess Fees	1,202,222			
Licenses and Permits	1,201,746	16,397		
Intergovernmental	2,716,396	2,357,451	4,498,856	2,799,450
Charges for Services	997,839	168,225	246,885	
Miscellaneous	854,568	249,189	162,887	119,898
Interest	115,189	5,906	7,657	40,108
Total Revenues	<u>40,133,513</u>	<u>2,797,168</u>	<u>4,916,285</u>	<u>2,959,456</u>
<u>EXPENDITURES</u>				
General Government	3,686,491			
Protection to Persons and Property	12,598,738		3,829,066	
General Health and Sanitation	510,474			
Social Services	179,181			
Recreation and Culture	1,731,914			
Roads		5,933,594		
Debt Service:	3,710,461	287,439		217,676
Capital Projects				5,238,256
Administration	10,172,700	976,649	1,046,559	
Total Expenditures	<u>32,589,959</u>	<u>7,197,682</u>	<u>4,875,625</u>	<u>5,455,932</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>7,543,554</u>	<u>(4,400,514)</u>	<u>40,660</u>	<u>(2,496,476)</u>
Other Financing Sources (Uses)				
Transfers To Other Funds	(4,892,144)	(150,277)		
Transfers From Other Funds	100,226	4,374,794		567,627
Payment To Escrow Agent	(200,419)			
Premium On Bonds	7,034			
Discount On Bonds				(14,850)
Proceeds From Sale of Assets	57,850	35,500		90,000
Bond Sale Proceeds	200,000			990,000
Total Other Financing Sources (Uses)	<u>(4,727,453)</u>	<u>4,260,017</u>		<u>1,632,777</u>
Net Change in Fund Balances	2,816,101	(140,497)	40,660	(863,699)
Fund Balances - Beginning	14,728,882	1,420,959	1,217,285	7,643,587
Fund Balances - Ending	<u>\$ 17,544,983</u>	<u>\$ 1,280,462</u>	<u>\$ 1,257,945</u>	<u>\$ 6,779,888</u>

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2010
(Continued)

<u>Non- Major Funds</u>	<u>Total Governmental Funds</u>
\$ 2,176,656	\$ 35,016,120
	206,089
	1,202,222
	1,218,143
1,689,492	14,061,645
	1,412,949
11,166	1,397,708
8,109	176,969
<u>3,885,423</u>	<u>54,691,845</u>
	3,686,491
	16,427,804
1,293,111	1,803,585
957,846	1,137,027
	1,731,914
131,974	6,065,568
1,157,119	5,372,695
84,357	5,322,613
296,981	12,492,889
<u>3,921,388</u>	<u>54,040,586</u>
<u>(35,965)</u>	<u>651,259</u>
(100,226)	(5,142,647)
100,000	5,142,647
	(200,419)
	7,034
	(14,850)
	183,350
	<u>1,190,000</u>
<u>(226)</u>	<u>1,165,115</u>
(36,191)	1,816,374
1,419,841	26,430,554
<u>\$ 1,383,650</u>	<u>\$ 28,246,928</u>

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

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**BOONE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2010

BOONE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 1,816,374

Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	4,683,725
Depreciation Expense	(2,548,358)
Assets disposed of, net book value	(164,487)

Donated capital assets are not reported on the governmental fund statements. However, for governmental activities these assets are reported on the statement of net assets	2,317,596
--	-----------

The cost from issuance of bonds are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over the life of the bond as an annual amortization in the statement of activities	(12,346)
--	----------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is a result of the change in accrued interest on bonds.	(71,399)
---	----------

Internal Service funds are used by management to charge the cost of health insurance to individual funds. The net revenues (expenses) of this fund are reported with governmental activities	(411,774)
--	-----------

The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.

Notes Principal Payment	538,960
Financing Obligation Principal Payment	12,830
Bond Proceeds	(1,190,000)
Bond Principal Payments	2,925,000

Change in Net Assets of Governmental Activities	\$ 7,896,121
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**BOONE COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND**

June 30, 2010

BOONE COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND

June 30, 2010

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Self Insurance Fund
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 154,690	\$ 904,893	\$ 332,057	\$ 1,391,640	\$ 311,150
Inventory			58,186	58,186	
Accounts Receivable, net of allowance		174,944		174,944	
Deferred Charges			17,026	17,026	
Total Current Assets	154,690	904,893	407,269	1,641,796	311,150
Noncurrent Assets:					
Capital Assets:					
Land			2,396,478	2,396,478	
Land Improvements			5,523,657	5,523,657	
Buildings and Building Improvements			2,249,488	2,249,488	
Renovation		137,417		137,417	
Vehicles and Equipment		18,412	1,204,815	1,223,227	
Furniture and Office Equipment		154,890		154,890	
Less Accumulated Depreciation		129,956	7,408,800	7,538,756	
Net Capital Assets		180,763	3,965,638	4,146,401	
Restricted Cash					
Deferred Charges			23,410	23,410	
Total Noncurrent Assets		180,763	3,989,048	4,169,811	
Total Assets	154,690	1,085,656	4,396,317	5,811,607	311,150
Liabilities					
Current Liabilities					
Bonds Payable			711,548	711,548	
Financing Obligation			6,074	6,074	
Due to Capital Improvement Fund			10,000	10,000	
Accounts Payable		1,604	194,732	196,336	591,167
Accrued Payroll		15,187	39,569	54,756	
Accrued Interest Payable			2,277	2,277	
Estimated Liability for Claims-HRA Accounts					1,733,876
Compensated Absences Payable		1,159		1,159	
Total Current Liabilities		17,950	964,200	982,150	2,325,043

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

BOONE COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2010
(Continued)

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Self Insurance Fund
Non-Current Liabilities					
Compensated Absences Payable	\$	\$ 22,014	\$ 52,524	\$ 74,538	\$
Due to General Fund			2,610,118	2,610,118	
Due to Capital Improvements Fund			189,312	189,312	
Bonds Payable			1,391,169	1,391,169	
Accrued Other-Non-Current		248,938		248,938	
Total Non-Current Liabilities		270,952	4,243,123	4,514,075	
Total Liabilities		288,902	5,207,323	5,496,225	2,325,043
Net Assets					
Invested in Capital Assets, Net of Related Debt		180,763	1,856,847	2,037,610	
Restricted		286,579		286,579	
Unrestricted	154,690	504,356	(2,667,853)	(2,008,807)	(2,013,893)
Total Net Assets	\$ 154,690	\$ 971,698	\$ (811,006)	\$ 315,382	\$ (2,013,893)

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND

For The Year Ended June 30, 2010

BOONE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND

For The Year Ended June 30, 2010

	Business-Type Activities-Enterprise Funds				Governmental Activities Internal Service Fund
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Self Insurance Fund
Operating Revenues					
Governmental Grants	\$	\$ 5,626,852	\$	\$ 5,626,852	\$
Canteen Receipts	418,127			418,127	
Green Fees			1,292,627	1,292,627	
Power Card Rentals			561,881	561,881	
Memberships			92,465	92,465	
Commission			2,703	2,703	
Pro Shop Sales and Pull Cart Rentals			116,382	116,382	
Food and Beverage			322,171	322,171	
Employer/Employee Contributions					4,606,882
Miscellaneous		42,011	7,421	49,432	
Total Operating Revenues	418,127	5,668,863	2,395,650	8,482,640	4,606,882
Operating Expenses					
Merchandise	365,875		71,095	436,970	
Educational and Recreational	20,633			20,633	
Housing Assistance Payment		5,227,317		5,227,317	
Salaries and Wages			805,552	805,552	
Employee Benefits			248,708	248,708	
Contract Services			44,882	44,882	
Materials and Supplies			(37)	(37)	
Golf Cart Lease			117,424	117,424	
Utilities			117,432	117,432	
Maintenance and Repairs			42,654	42,654	
Fertilizer and Chemicals			232,317	232,317	
Petroleum Products			47,608	47,608	
Uniforms			1,816	1,816	
Food and Beverage			153,199	153,199	
Depreciation		30,843	199,677	230,520	
Miscellaneous			44,767	44,767	
Tenant Services		64,587		64,587	
Administration		564,350		564,350	
Insurance Premiums		3,618		3,618	
Insurance Claims					5,022,171
Total Operating Expenses	386,508	5,890,715	2,127,094	8,404,317	5,022,171
Operating Income (Loss)	\$ 31,619	\$ (221,852)	\$ 268,556	\$ 78,323	\$ (415,289)

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND
For The Year Ended June 30, 2010
(Continued)

	Business-Type Activities-Enterprise Funds				Governmental
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Activities Internal Service Fund
Operating Revenues					
Nonoperating Revenues (Expenses)					
Interest Income	\$ 1,106	\$ 7,013	\$ 2,997	\$ 11,116	\$ 3,515
Interest Expense			(387,509)	(387,509)	
Total Nonoperating Revenues (Expenses)	1,106	7,013	(384,512)	(376,393)	3,515
Change In Net Assets	32,725	(214,839)	(115,956)	(298,070)	(411,774)
Total Net Assets - Beginning	121,965	1,186,537	(695,050)	613,452	(1,602,119)
Total Net Assets - Ending	\$ 154,690	\$ 971,698	\$ (811,006)	\$ 315,382	\$ (2,013,893)

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

BOONE COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For The Year Ended June 30, 2010

BOONE COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For The Year Ended June 30, 2010

	<u>Business-Type Activities-Enterprise Funds</u>				Governmental Activities- Internal Service Fund
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Self Insurance Fund
Cash Flows From Operating Activities					
Receipts from Customers	\$ 418,127		\$ 2,402,422	\$ 2,820,549	\$
Receipts from Commissions			2,703	2,703	
Receipts from Governmental Grants		5,683,131		5,683,131	
Receipts from Employees/Intergovernmental					4,730,978
Payments to Suppliers	(386,508)		(937,581)	(1,324,089)	
Payments to Employees			(1,049,774)	(1,049,774)	
Cash payments for administration and tenant services		(623,793)		(623,793)	
Cash payments for housing assistance payments		(5,227,317)		(5,227,317)	
Payments for Claims					(4,503,648)
Other Receipts(Expenses)		4,564		4,564	
		<u>4,564</u>		<u>4,564</u>	
Net Cash (Used) Provided by Operating Activities	<u>31,619</u>	<u>(163,415)</u>	<u>417,770</u>	<u>285,974</u>	<u>227,330</u>
Cash Flows From Capital and Related Financing Activities					
Purchase of Capital Assets			(38,762)	(38,762)	
Proceeds from Bond Obligations			2,102,717	2,102,717	
Increase (Decrease) of Restricted Cash					
Payments on Bond Obligations			(2,670,000)	(2,670,000)	
Payments on Capital Lease Obligations			(10,000)	(10,000)	
Payments of Bond Issuance Costs			(42,564)	(42,564)	
Interest Paid on Long-Term Debt			(111,812)	(111,812)	
Net Cash (Used) Provided By Capital and Related Financing Activities			<u>(770,421)</u>	<u>(770,421)</u>	
Cash Flows From Investing Activities					
Interest Earned	<u>1,106</u>	<u>7,013</u>	<u>2,997</u>	<u>11,116</u>	<u>3,515</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,725	(156,402)	(349,654)	(473,331)	230,845
Cash and Cash Equivalents - July 1	121,965	1,061,295	681,711	1,864,971	80,305
Cash and Cash Equivalents - June 30	<u>\$ 154,690</u>	<u>\$ 904,893</u>	<u>\$ 332,057</u>	<u>\$ 1,391,640</u>	<u>\$ 311,150</u>

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

BOONE COUNTY
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
For The Year Ended June 30, 2010
(Continued)

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	Business-Type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Non-Major Jail Canteen Fund	Assisted Housing Fund	Golf Course Fund	Totals	Self Insurance Fund
Operating Income (Loss)	\$ 31,619	\$ (221,852)	\$ 268,556	\$ 78,323	\$ (415,289)
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities					
Depreciation Expense		30,844	199,677	230,521	
Change in Assets and Liabilities					
Accounts Receivable		18,832		18,832	124,097
Inventory			(421)	(421)	
Accounts Payable		1,484	(54,528)	(53,044)	204,771
Estimated Liability for Claims-HRA					313,751
Accrued Payroll		2,080	3,731	5,811	
Accrued Other		5,154		5,154	
Compensated Absences Payable		43	755	798	
Net Cash (Used) Provided by Operating Activities	\$ 31,619	\$ (163,415)	\$ 417,770	\$ 285,974	\$ 227,330

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

**BOONE COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS**

June 30, 2010

BOONE COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS

June 30, 2010

Agency Funds

	School Board Tax Fund	Jail Prisoners Fund	Waterline Fund	Motor Vehicle Rental Tax Fund	Flexible Spending Account
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 154,134	\$ 299,100	\$ 21,365	\$	\$ 6,304
Accounts Receivable	1,593,575			389,425	
Total Assets	<u>1,747,709</u>	<u>299,100</u>	<u>21,365</u>	<u>389,425</u>	<u>6,304</u>
Liabilities					
Amounts Held In Custody For Others	1,747,709	299,100	21,365	389,425	6304
Total Liabilities	<u>1,747,709</u>	<u>299,100</u>	<u>21,365</u>	<u>389,425</u>	<u>6,304</u>
Net Assets					
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). (See Part D for additional discussion on basis of presentation).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Boone County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

Blended Component Units

The following legally separate organizations provide their services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. These organizations' balances and transactions are reported as though they are part of the county's primary government using the blending method.

The Boone County Public Properties Corporation (BCPP) was formed to act as an issuing agent for long-term debt, the proceeds of which are to be used for the acquisition and construction of public building facilities in Boone County, Kentucky. The governing body is the County Commissioners. Separate financial statements are not required or prepared. The BCPP is a blended component unit because the boards are the same.

The Boone County Public Properties Corporation Golf Course (BCGC) owns and operates two golf courses on behalf of the County. Separate financial statements are not required or prepared. The BCGC is a blended component unit because the boards are the same.

The Boone County Assisted Housing Department provides rental assistance to low income families in Boone County, Kentucky under a contract with the U.S. Department of the Housing and Urban Development. The Boone County Assisted Housing Department is a blended component unit because the Boards are the same.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Discretely Presented Component Unit

The component units' columns in the combined financial statements include the data of the following organization. They are reported on the Statement of Net Assets and the Statement of Activities in a separate column that is labeled as "Component Unit" to emphasize these organizations' separateness from the fiscal court's primary government.

The Boone County Public Safety Communications Center (PSCC) was created by an inter-governmental agreement between Boone County and three cities to consolidate the communications systems and the police files and records of the County and cities. Complete financial statements for the component unit that issues them may be obtained at the entity's administrative office as follows:

Boone County Public Safety Communications Center
Accounting Department
8100 Ewing Blvd.
Florence, KY 41042

C. Boone County Elected Officials

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

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

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 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 that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

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

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

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

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

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

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Capital Improvements Fund-These funds are used to purchased and build capital assets. This fund tracks the funds to be used for these purposes.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Federal Grants Fund, Tax Increment Financing District 1 Fund, Mental Health Fund, JAG Recovery Grant Fund, Earl Parker Robinson Fund, and Public Properties Fund.

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Federal Grants Fund, Tax Increment Financing District 1 Fund, Mental Health Fund, Jag Recovery Grant Fund, and Earl Parker Robinson Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Capital Projects Fund:

The Capital Improvements Fund is presented as a capital projects fund. Capital projects funds are to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund:

The Boone County Public Properties Corporation Fund is presented as debt service funds. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Funds

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 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 Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government reports the following major proprietary fund:

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

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Proprietary Funds (Continued)

Golf Course Fund

The Golf Course Fund accounts for the activities of the Public Properties Golf Course, a blended component unit of the County. The Public Properties Golf Course owns and operates two golf courses.

Assisted Housing Fund

The Assisted Housing Fund accounts for the activities of the Assisted Housing Department which provides rental assistance to low income families under a contract with the U.S. Department of the Housing and Urban Development. The Assisted Housing Department is a blended component unit of the county.

Internal Service Fund

Self Insurance Fund - The Fiscal Court maintains this internal service fund to account for the health insurance provided to employees.

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Utility Tax Fund for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary funds:

School Board Tax Fund

This fund is used to collect and remit the occupational payroll and net profit taxes collected on behalf of the Boone County Board of Education.

Jail Prisoners Fund

The Jail Prisoners Fund is an agency fund that accounts for assets held by the Fiscal Court in a purely custodial nature.

Waterline Fund

The Waterline Fund is an agency fund that accounts for deposits of Boone County residents involved in the Rural Water Project.

Motor Vehicle Rental Tax Fund

This fund is used to collect a 3% motor vehicle rental tax placed on most car rental agencies by Boone County Ordinance 430.8 in 1995. These dollars are remitted to the Tri-County Economic Development less a 3% administration fee though enabling legislation passed in the 1994 General Assembly House Bill 662.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Fiduciary Funds (Continued)

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.

Presentation of Component Units

The financial statements present the following major discretely presented component unit: Boone County Public Safety Communications Center (PSCC).

This component unit is presented in a separate column in the combined financial statements. It is also reported on the Statement of Net Assets and the Statement of Activities in a separate total column that is labeled as "Component Unit" to emphasize these organizations' separateness from the fiscal court's primary government.

E. Deposits and Investments

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

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

F. Inventories

Inventories are valued at cost, which approximates market, using the first in/first out (FIFO) method.

G. 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 assets 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 assets and in the respective funds.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Fiscal Court maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land and roads, are depreciated. Improvements are depreciated over the estimated remaining useful lives of the related capital assets. The County has adopted the modified approach method in valuing their roads. The County manages the roads using an asset management system and preserves the roads at or above a minimum condition level established by the County. Under the modified approach, expenditures made for roads (except for additions and improvements eligible to be capitalized) are expensed in the period incurred. If a road falls below the Pavement Quality Index (PQI) and the County, due to other circumstances, does not plan on improving the road, the road will be transferred to a depreciable asset and depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	25,000	10-75
Building Improvements	25,000	10-60
Machinery and Equipment	5,000	3-25
Vehicles	5,000	3-25
Infrastructure	25,000	10-50

H. 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.

I. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

I. Fund Equity (Continued)

“Reserved for Encumbrances” are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

J. Budgetary Information

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

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

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

The Schedules 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. See page 73 for the reconciliation of the actual results to the fund statements.

K. Related Organizations, Joint Venture, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization’s governing board. Based on these criteria, the following are considered related organizations of Boone County Fiscal Court: Boone County Water District, Boone County Extension District and the Boone County Public Library.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 2. Deposits and Investments

A. Deposits

The primary government and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of June 30, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy on custodial credit risk. As of June 30, 2010, the County's investments are neither insured nor registered, but are held by the County's counter party in the County's name.

At June 30, 2010, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Government Bonds			
Federal Home Loan Mortgage Association	\$ 500,000	1/6/2012	AAA and Aaa
Money Market Fund	8,425	N/A	N/A
US Treasuries	<u>2,328,154</u>	N/A	N/A
	<u>\$ 2,836,579</u>		

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 3. Operating Leases

The County owns various buildings throughout Boone County that are leased to organizations accounted for under an operating lease. Seven leases renew annually, one expiring in March, 2014 and the other one expiring in June 2024. Rental income for the year ended June 30, 2010 was \$312,010. The future minimum lease payments to be received are as follows.

Fiscal Year Ended June 30	Amount
2011	\$ 139,890
2012	157,890
2013	108,401
2014	99,804
2015	92,404
Thereafter	<u>439,882</u>
Total Minimum Lease Payments	<u>\$1,038,271</u>

The County leases various equipment and office space accounted for under operating leases. The leases are month to month and annual renewals. The County may also rent equipment on an as-needed basis.

Note 4. Notes Receivable

The Walton Fire Protection District has a lease/purchase agreement with Boone County Fiscal Court for the construction of a single-level firehouse. Principal payments are due yearly with interest due semi-annually. The note matures in October, 2018. The original bond issue which corresponded with this receivable was refunded during fiscal year end June 30, 2010. The receivable balance on the lease/purchase agreement at June 30, 2010 is \$194,330 and the Walton Fire Protection District is in substantial compliance with the terms of the agreement.

The Boone County Health Taxing District has a lease/purchase agreement with Boone County Fiscal Court for the construction of a building. Principal payments are due yearly with interest due semi-annually. The note matures in December, 2012. The receivables balance on the lease agreement at June 30, 2010 is \$165,000 and the Boone County Health Taxing District is in substantial compliance with the terms of the agreement.

The Boone County Fiscal Court has agreed to use a portion of the \$2,200,000 General Obligation Multi-Purpose Public Project Bond, Series 2006 to complete improvements to the Petersburg Fire Protection District Firehouse and apparatus bays (the "Project"). The Petersburg Fire Protection District has determined to operate and maintain the Project and to make certain annual payments to the County. These annual payments equal Petersburg Fire District's portion of principal and interest due on these bonds. The receivables balance on the lease agreement at June 30, 2010 totaled \$1,345,909.

The Boone County Fiscal Court has agreed to use a portion of the \$7,000,000 General Obligation Public Project Bonds, Series 2007 to complete construct a fire training facility to be used by numerous fire districts in Boone County. An inter-local agreement was signed by the Boone County Fiscal Court and the various fire districts. The districts have agreed that 25% of one cent of their real property assessments will be sent to the fiscal court as payment on the note receivable. As of June 30, 2010, the note receivable balance was \$2,736,997. The note is expected to be paid off by June 2028.

The remaining maturities on all notes (principal only)

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 4. Notes Receivable (Continued)

Years Ending June 30	Amount
2011	\$ 202,049
2012	260,878
2013	270,846
2014	215,620
2015	224,174
thereafter	<u>3,268,669</u>
Totals	<u>\$ 4,442,236</u>

Note 5. Accounts Receivable

Accounts Receivable consists of the following at June 30, 2010:

	Governmental Activities	Business Type Activities	Total
Taxes-Current	\$ 5,717,877	\$	\$ 5,717,877
Taxes-Delinquent	14,969		14,969
Excess Fees	235,641		235,641
Charges for Service	40,464		40,464
Intergovernmental	2,400,213		2,400,213
License Fees	182,213		182,213
Miscellaneous	96,921	174,944	271,865
Interest	<u>3,838</u>		<u>3,838</u>
	<u>\$ 8,692,136</u>	<u>\$ 174,944</u>	<u>\$ 8,867,080</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 11,394,576	\$ 280,518	\$ (126,000)	\$ 11,549,094
Roads	166,385,681	2,576,562		168,962,243
Construction In Progress	7,641,127	3,725,528	(324,575)	11,042,080
Total Capital Assets Not Being Depreciated	185,421,384	6,582,608	(450,575)	191,553,417
Capital Assets, Being Depreciated:				
Land Improvements	13,535,933			13,535,933
Buildings and Building Improvements	55,731,149			55,731,149
Equipment	6,272,683	235,033	(155,000)	6,352,716
Furniture and Office Equipment	1,456,613	76,945		1,533,558
Vehicles	7,554,531	431,310	(905,848)	7,079,993
Roads	84,903			84,903
Total Capital Assets Being Depreciated	84,635,812	743,288	(1,060,848)	84,318,252
Less Accumulated Depreciation For:				
Land Improvements	(2,663,145)	(393,603)		(3,056,748)
Buildings and Building Improvements	(10,182,834)	(972,668)		(11,155,502)
Equipment	(2,124,892)	(398,367)	155,000	(2,368,259)
Furniture and Office Equipment	(706,576)	(155,673)		(862,249)
Vehicles	(5,838,940)	(626,425)	867,361	(5,598,004)
Roads	(63,440)	(1,622)		(65,062)
Total Accumulated Depreciation	(21,579,827)	(2,548,358)	1,022,361	(23,105,824)
Total Capital Assets, Being Depreciated, Net	63,055,985	(1,805,070)	(38,487)	61,212,428
Governmental Activities Capital Assets, Net	<u>\$248,477,369</u>	<u>\$ 4,777,538</u>	<u>\$ (489,062)</u>	<u>\$252,765,845</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 6. Capital Assets (Continued)

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Primary Government:				
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 2,396,478	\$	\$	\$ 2,396,478
Capital Assets, Being Depreciated:				
Land Improvements	5,523,656			5,523,656
Buildings and Building Improvements	2,386,905			2,386,905
Furniture and Office Equipment	154,891			154,891
Vehicles, Machinery and Equipment	1,180,833	88,074	(45,680)	1,223,227
Total Capital Assets Being Depreciated	9,246,285	88,074	(45,680)	9,288,679
Less Accumulated Depreciation For:				
Land Improvements	(4,610,818)	(96,450)		(4,707,268)
Buildings and Building Improvements	(1,518,499)	(71,550)		(1,590,049)
Furniture and Office Equipment	(52,051)	(23,726)		(75,777)
Vehicles, Machinery and Equipment	(1,172,547)	(38,795)	45,680	(1,165,662)
Total Accumulated Depreciation	(7,353,915)	(230,521)	45,680	(7,538,756)
Total Capital Assets, Being Depreciated, Net	1,892,370	(142,447)		1,749,923
Governmental Activities Capital Assets, Net	\$ 4,288,848	\$ (142,447)	\$ 0	\$ 4,146,401

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 6. Capital Assets (Continued)

Capital asset activity for the discretely presented component unit for the fiscal year ended June 30, 2010 was as follows: (Continued)

Component Unit	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 225,741	\$ 338,706	\$	\$ 564,447
Total Capital Assets Not Being Depreciated	225,741	338,706		564,447
Capital Assets, Being Depreciated:				
Computer Equipment and Software	4,685,886			4,685,886
Office Furniture and Equipment	153,483		(669)	152,814
Vehicles	9,910			9,910
Buildings & Infrastructure	59,298	127,790		187,088
Total Capital Assets Being Depreciated	4,908,577	127,790	(669)	5,035,698
Less Accumulated Depreciation For:				
Computer Equipment and Software	(4,261,036)	(233,869)		(4,494,905)
Office Furniture and Equipment	(146,080)	(2,690)	669	(148,101)
Vehicles	(9,910)			(9,910)
Buildings & Infrastructure	(4,409)	(7,095)		(11,504)
Total Accumulated Depreciation	(4,421,435)	(243,654)	669	(4,664,420)
Total Capital Assets, Being Depreciated, Net	487,142	(115,864)		371,278
Capital Assets, Net	\$ 712,883	\$ 222,842	\$ 0	\$ 935,725

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 6. Capital Assets (Continued)

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

	<u>June 30, 2010</u>
<u>Governmental Activities:</u>	
General Government	\$ 1,142,935
Protection to Persons and Property	846,657
General Health and Sanitation	29,751
Social Securities	2,625
Recreation and Culture	213,246
Roads, Including Depreciation of General Infrastructure Assets	<u>313,144</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,548,358</u>
<u>Business-Type Activities</u>	
Golf Course	\$ 199,677
Assisted Housing	<u>30,844</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 230,521</u>

Note 7. Accounts Payable

Accounts Payable consists of the following at June 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
General Government	\$ 52,381	\$	\$ 52,381
Protection to Persons and Property	89,522		89,522
General Health and Sanitation	104,916		104,916
Social Services	94,327	1,604	95,931
Recreation and Culture	45,186	194,732	239,918
Roads	108,064		108,064
Capital Projects	155,351		155,351
Administration	62,693		62,693
Insurance Claims	<u>591,167</u>		<u>591,167</u>
	<u>\$ 1,303,607</u>	<u>\$ 196,336</u>	<u>\$ 1,499,943</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt

A. Series 1999-General Fund

The County issued General Obligation Public Project Bonds for the purpose of acquiring and financing certain improvements and to retire outstanding Bond Anticipation Notes. These bonds were dated April 1, 1999. These bonds were issued at interest rates ranging from 3.25% to 4.85%, and will be retired by November 1, 2018. This was refunded in 2010, by Series 2010A (see note 8I).

B. Series 2001-General Fund

The County issued General Obligation Bonds for the purpose of discharging the outstanding amount of the Boone County Public Properties Corporation Multiple Projects Revenue Bonds, Series 1992. The series 2001 dated June 1, 2001, were issued at various interest rates ranging from 4.00% to 4.38%, and will be retired by December 1, 2012. Interest payments are due by June 1 and December 1, with principal payments due December 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 48,343	\$ 430,000
2012	30,019	445,000
2013	10,281	470,000
Totals	<u>\$ 88,643</u>	<u>\$ 1,345,000</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

C. Series 2002-General Fund

The County issued General Obligation Bonds for the purpose of building a Public Safety Complex. The series 2002 dated April 18, 2002, were issued at various interest rates ranging from 3.00% to 5.00% and will be retired by April 1, 2022. Interest payments are due April 1 and October 1, with principal payments due April 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 637,906	\$ 900,000
2012	600,780	940,000
2013	561,300	980,000
2014	519,650	1,020,000
2015	475,026	1,065,000
2016-2020	1,607,852	6,095,000
2021-2022	216,250	2,860,000
Totals	<u>\$ 4,618,764</u>	<u>\$ 13,860,000</u>

D. Series 2002-General Fund

The County issued General Obligation Bonds for the purpose of installing a water system. The series 2002 dated October 2, 2002m were issued at various interest rates ranging from a 3.5% to 4.5% and will be retired by August 1, 2027. Interest payments are due February 1 and August 1, with principal payments due August 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 203,213	\$ 180,000
2012	195,813	190,000
2013	188,113	195,000
2014	180,113	205,000
2015	171,713	215,000
2016-2020	717,419	1,205,000
2021-2025	418,950	1,510,000
2026-2028	74,250	1,080,000
Totals	<u>\$ 2,149,584</u>	<u>\$ 4,780,000</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

E. Series 2003C-General Fund

The County issued General Obligation Bonds for the purpose of the construction of the Law Enforcement and Detention Center. The series 2003C dated October, 2005 was issued at various interest rates ranging from 2.75% to 4.25% and will be retired by December 1, 2021. Interest payments are due by June 1 and December 1, with principal payments due December 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 180,450	\$ 315,000
2012	170,363	325,000
2013	159,138	335,000
2014	146,931	350,000
2015	133,288	365,000
2016-2020	425,807	2,060,000
2021-2022	40,800	950,000
Totals	<u>\$ 1,256,777</u>	<u>\$ 4,700,000</u>

F. Series 2006-General Fund

The County issued General Obligation Multi-Purpose Public Project Bonds for the purpose of financing a fire station, library, and community center in Petersburg, Kentucky. The series dated March 1, 2006 were issued with an interest rate of 3.70% and will be retired by March 1, 2026. Interest payments are due by March 1 and September 1, with principal payments due March 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 69,560	\$ 85,000
2012	66,416	90,000
2013	63,086	90,000
2014	59,753	95,000
2015	56,238	100,000
2016-2020	222,366	565,000
2021-2025	108,964	700,000
2026	5,736	155,000
Totals	<u>\$ 652,119</u>	<u>\$ 1,880,000</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

G. Series 2007-Public Works and Capital Improvements Fund

The County issued General Obligation Bonds for the purpose of construction of a fire training center and renovations to the public works facility in the amount of \$7,000,000. The series 2007 dated February 27, 2007, was issued at an interest of 3.70% and will be retired by February 1, 2027. Interest payments are due by February 1 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 231,250	\$ 270,000
2012	221,260	280,000
2013	210,900	290,000
2014	200,170	300,000
2015	189,070	315,000
2016-2020	762,570	1,745,000
2021-2025	414,400	2,100,000
2026-2027	53,095	950,000
Totals	<u>\$ 2,282,715</u>	<u>\$ 6,250,000</u>

H. Special Revenue Bonds-Public Properties

The County issued bonds where the County pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2010, are as follows:

Purpose	Interest Rates	Amount
Justice Center	4.00-5.13%	<u>\$ 11,095,000</u>

The minimum obligations at June 30, 2010 for debt service of these bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 530,219	\$ 640,000
2012	501,369	660,000
2013	470,764	685,000
2014	437,854	730,000
2015	402,459	760,000
2016-2020	1,395,320	4,405,000
2021-2023	252,533	3,215,000
Totals	<u>\$ 3,990,518</u>	<u>\$ 11,095,000</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

I. Series 2010A-General Obligation Refunding Bonds

The County issued General Obligation Bonds for the purpose of refunding the outstanding amount of the General Obligation Public Project Bonds, Series 1999. The series 2010 dated May 6, 2010 were issued at various interest rates ranging from .5% to 1.25% and will be retired at November 15, 2012. Interest payments are due by May 15 and November 15 with principal payments due November 15 of each year. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 1,539	\$ 68,452
2012	1,066	68,187
2013	404	63,361
Totals	<u>\$ 3,009</u>	<u>\$ 200,000</u>

J. Series 2010B-Build America Bonds (Capital Improvements Fund)

The County issued General Obligation Bonds for the purpose of funding the energy savings performance project. These particular bonds are known as Build America Bonds and were allowed by the American Recovery and Reinvestment Act of 2009 (ARRA). The Build America Bonds provide for a federal subsidy paid to state or local government issuers in an amount equal to 35 percent of the total coupon interest payable to investors. The series dated May 6, 2010, were issued at various interest rates ranging from 4.05% to 5.05% and will be retired by November 15, 2025. Interest payments are due by May 15 and November 15 with principal payments due by November 15 of each year. The first principal payment is due November 15, 2013. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Total Interest	Governmental Activities		
		Less Government Subsidy (Interest)	County Interest	Scheduled Principal
2011	\$ 45,505	\$ (15,927)	\$ 29,578	\$
2012	44,395	(15,538)	28,857	
2013	44,395	(15,538)	28,857	
2014	43,180	(15,113)	28,067	60,000
2015	40,750	(14,262)	26,488	60,000
2016-2020	159,808	(55,933)	103,875	370,000
2021-2025	77,925	(27,274)	50,651	400,000
2026	<u>2,525</u>	<u>(884)</u>	<u>1,641</u>	<u>100,000</u>
Totals	<u>\$ 458,483</u>	<u>\$ (160,469)</u>	<u>\$ 298,014</u>	<u>\$ 990,000</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

K. Revenue Refunding Bonds-Golf Course

In June 1998, the Golf Course sold \$8,060,000 of its Revenue Refunding Bonds for the purpose of refunding, in advance of maturity, the Golf Course's outstanding Certificates of Participation dated April 1, 1992 in the principal amount of \$8,100,000. The Series 1998, dated June 1, 1998 were issued at various interest rates ranging from 3.8% to 4.8%. These bonds were refinanced during fiscal year 2010.

In May 2010, the Boone County Fiscal Court issued General Obligation Refunding /bonds for the purpose of refinancing outstanding bonds of the Golf Course and the Walton Fire Station. Of the \$2,305,000 bonds issued, the Golf Course was allocated \$2,102,717 to refinance its Revenue Refunding Bonds dated June, 1998. The Series 2010A, dated May 6, 2010, were issued at various interest rates ranging from .5% to 1.25%, and will be retired by November, 2012. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Years Ending June 30	Business Type Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 15,999	\$ 711,548
2012	11,084	720,671
2013	4,191	670,498
	<u>\$ 31,274</u>	<u>\$ 2,102,717</u>

L. Note Payable-General Fund

In May 2006, the county entered into an assistance agreement with the Kentucky Infrastructure Authority (KIA) for the acquisition and construction of certain water facilities and to improve the county's water service system, in the amount of \$2,506,118 and bears an interest rate of 2.71% commencing December 1, 2007. The loan term for this agreement is 30 years and principal and interest payments are due on June 1, and December 1. Principal payments are due following the last draw of funds. As of June 30, 2010 the county had borrowed \$2,506.118 Principal payment requirements and scheduled interest for the retirement of the note are as follows:

Years Ending June 30	Governmental Activities	
	Scheduled Interest	Scheduled Principal
2011	\$ 67,320	\$ 59,744
2012	65,575	61,368
2013	63,784	63,036
2014	61,943	64,750
2015	60,053	66,510
2016-2020	270,060	360,670
2021-2025	214,469	412,428
2026-2030	150,900	471,612
2031-2035	78,209	539,291
2036-2037	8,642	236,797
Totals	<u>\$ 1,040,955</u>	<u>\$ 2,336,206</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

M. Road and Bridge Fund-Financing Obligation

In December 2007, Boone County entered into a lease-purchase agreement for a rubber tire loader for the Public Works Department. The lease term for this agreement is 7 years. The total principal balance and cost of the equipment is \$74,415 as June 30, 2010.

Debt Outstanding July 1, 2009	Additions	Repayments	Debt Outstanding June 30, 2010	Amount Expected to Be Paid Within One Year
\$ 87,245	\$	\$ 12,830	\$ 74,415	\$ 13,470

The following is a schedule of future minimum lease payments as of June 30, 2010:

Years Ending June 30	Amount
2011	\$ 17,183
2012	17,183
2013	17,183
2014	17,184
2015	17,184
Total Minimum Lease Payment	\$ 85,917
Less: Interest Remaining	\$ 11,502
Present Value of Minimum Lease Payments	\$ 74,415

N. Golf Course-Financing Obligation

During 2006, the Golf Course entered into a lease-purchase agreement for equipment. The lease term for this agreement is 5 years. The total balance of the agreement is \$6,074 as of June 30, 2010.

The following is a summary of the Golf Course's capital lease purchase agreement transactions for the year ended June 30, 2010:

Debt Outstanding July 1, 2009	Additions	Repayments	Debt Outstanding June 30, 2010	Amount Expected to Be Paid Within One Year
\$ 16,074	\$	\$ 10,000	\$ 6,074	\$ 6,074

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 8. Long-term Debt (Continued)

N. Golf Course-Financing Obligation (Continued)

The following is a schedule of future minimum lease payments as of June 30, 2010:

Years Ending June 30,	Amount
2011	\$ 6,116
Less Interest	<u>42</u>
Present Value of Minimum Lease Payments	<u>\$ 6,074</u>

O. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 35,140,000	\$ 1,190,000	\$2,325,000	\$34,005,000	\$ 2,248,452
Special Revenue Bonds	11,695,000		600,000	11,095,000	640,000
Note Payable	2,875,166		538,960	2,336,206	59,744
Financing Obligation	<u>87,245</u>		<u>12,830</u>	<u>74,415</u>	<u>13,470</u>
Governmental Activities Long-term Liabilities	<u>\$ 49,797,411</u>	<u>\$ 1,190,000</u>	<u>\$ 3,476,790</u>	<u>\$47,510,621</u>	<u>\$ 2,961,666</u>
<u>Business Type Activities:</u>					
Special Revenue Bonds	\$ 2,670,000		\$ 2,670,000	\$	\$
General Obligation Bonds		2,102,717		2,102,717	711,548
Financing Obligation	16,074		10,000	6,074	6,074
Due to Capital Improvements Fund (BCFC)		<u>49,312</u>		<u>49,312</u>	<u>10,000</u>
	<u>\$ 2,686,074</u>	<u>\$ 2,152,029</u>	<u>\$ 2,680,000</u>	<u>\$ 2,158,103</u>	<u>\$ 727,622</u>

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 9. Interest On Long-term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$4,354 in interest on financing obligations and \$2,101,060 in interest on bonds and notes.

Note 10. Employee Retirement System

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

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.97 percent.

The county's contribution (both withholding and match) for FY 2008 was \$2,397,273, FY 2009 was \$2,055,670 and FY 2010 \$2,226,322.

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

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

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

Note 11. Deferred Compensation

On February 24, 2000, the Boone 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.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 11. Deferred Compensation (Continued)

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

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 12. Insurance

For the fiscal year ended June 30, 2010, Boone County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 13. Interfund Transactions

The following is a list of interfund transactions as of June 30, 2010:

	Totals	General Fund	Road Fund	Capital Improvements	TIF Fund	Mental Health Fund
	\$	\$ (100,000) 3 (4,374,794) 1 (417,350) 1	\$ 4,374,794 1 (150,277) 1	\$ 417,350 1 150,277 1	\$ (226) 2	\$ 100,000 3 (100,000) 3
Total Transfers to Other Funds	<u>\$ (5,142,647)</u>	<u>(4,892,144)</u>	<u>(150,277)</u>	<u></u>	<u>(226)</u>	<u>(100,000)</u>
Total Transfers From Other Fund	<u>\$ 5,142,421</u>	<u>\$ 100,226</u>	<u>\$ 4,374,794</u>	<u>\$ 567,627</u>	<u>\$ (226)</u>	<u>\$ 100,000</u>

1. To remove resources from the funds recording to the revenue to the funds that will expend them.
2. To transfer interest earned to general fund
3. Loan and loan payback.

BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Note 14. Governmental Activities-Internal Service Fund

Self Insurance Fund

The self insurance fund was established in 1999 to cover all health insurance cost, including medical and dental claims, prescriptions and any fixed administrative cost related health insurance. In fiscal year 2007 in an effort to decrease insurance cost to the County's health insurance and increase reserves in the account, a Health Reimbursement Arrangement (HRA) was set up for each employee on the plan to coincide with a higher deductible plan. These dollars are to reimburse any covered persons' out of pocket deductible or co-insurance expenses. Each single plan was given \$1,000 and all other plans \$2,000 in January of 2009.

The total liability of these HRA dollars at the fiscal year ending 2010 was \$1,733,876 which includes all departments on our plan (Fiscal Court, Sheriff, County Clerk, Public Safety Communications Center, and Planning Commission). In the statement of cash flows, the Self Insurance Fund shows a cash balance of \$311,150 in the account but with the liability of the HRA account our net assets on June 30, 2010 is a negative \$2,013,893.

In 2010, the County paid out 13.24% of total HRA liability, including the rolled over amounts from 2010, and 39.94% of that year's liability, with no rollover. Another 2.5% of total HRA liability was forfeited, either through waiving the health plan or leaving employment. Through studies conducted, the Kentucky government block (employers with similar HRA programs), the average amount of claims paid as a percentage of total liability is 19.57% with rollover amounts and 41.80% without the rollover.

Cash Balance- June 30, 2009	\$	80,305
Premiums Collected		4,730,978
Interest Earned		3,515
Claims Paid		<u>4,503,648</u>
Cash Balance- June 30, 2010	\$	<u><u>311,150</u></u>

Note 15. Prior Period Adjustments

The fund balances of July 1, 2009 were increased by \$89,249 to include the Tax Increment Financing Fund. Due to this inclusion, the net assets also increased by the same amount.

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information

For The Year Ended June 30, 2010

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information

For The Year Ended June 30, 2010

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 33,285,000	\$ 33,285,000	\$ 32,499,367	\$ (785,633)
In Lieu Tax Payments	100,000	100,000	206,089	106,089
Excess Fees	1,255,250	1,255,250	1,220,950	(34,300)
Licenses and Permits	1,332,000	1,332,000	1,217,517	(114,483)
Intergovernmental Revenue	2,080,550	2,080,550	2,505,247	424,697
Charges for Services	1,126,116	1,126,116	1,009,313	(116,803)
Miscellaneous	1,000,284	1,000,284	1,008,471	8,187
Interest	169,985	169,985	113,556	(56,429)
Total Revenues	<u>40,349,185</u>	<u>40,349,185</u>	<u>39,780,510</u>	<u>(568,675)</u>
EXPENDITURES				
General Government	4,519,002	4,003,360	3,681,266	322,094
Protection to Persons and Property	12,568,733	13,305,892	12,612,175	693,717
General Health and Sanitation	533,104	533,104	511,350	21,754
Social Services	244,040	244,040	180,527	63,513
Recreation and Culture	2,020,967	2,020,967	1,728,862	292,105
Debt Service	3,707,039	3,707,039	3,707,034	5
Administration	15,785,141	15,563,624	10,220,859	5,342,765
Total Expenditures	<u>39,378,026</u>	<u>39,378,026</u>	<u>32,642,073</u>	<u>6,735,953</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>971,159</u>	<u>971,159</u>	<u>7,138,437</u>	<u>6,167,278</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds			100,226	100,226
Transfers To Other Funds	(5,871,159)	(5,871,159)	(4,892,144)	979,015
Total Other Financing Sources (Uses)	<u>(5,871,159)</u>	<u>(5,871,159)</u>	<u>(4,791,918)</u>	<u>1,079,241</u>
Net Changes in Fund Balance	(4,900,000)	(4,900,000)	2,346,519	7,246,519
Fund Balance - Beginning	4,900,000	4,900,000	4,777,609	(122,391)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,124,128</u>	<u>\$ 7,124,128</u>

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information
For The Year Ended June 30, 2010
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 35,000	\$ 35,000	\$ 10,046	\$ (24,954)
Intergovernmental Revenue	2,490,166	2,490,166	2,255,621	(234,545)
Charges for Services	131,000	131,000	165,020	34,020
Miscellaneous	251,000	251,000	294,227	43,227
Interest	7,500	7,500	5,906	(1,594)
Total Revenues	<u>2,914,666</u>	<u>2,914,666</u>	<u>2,730,820</u>	<u>(183,846)</u>
EXPENDITURES				
Roads	6,485,800	6,815,800	5,878,568	937,232
Debt Service	287,455	287,455	287,439	16
Administration	1,816,205	1,486,205	979,524	506,681
Total Expenditures	<u>8,589,460</u>	<u>8,589,460</u>	<u>7,145,531</u>	<u>1,443,929</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(5,674,794)</u>	<u>(5,674,794)</u>	<u>(4,414,711)</u>	<u>1,260,083</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	4,374,794	4,374,794	4,374,794	
Transfers To Other Funds			(150,277)	(150,277)
Total Other Financing Sources (Uses)	<u>4,374,794</u>	<u>4,374,794</u>	<u>4,224,517</u>	
Net Changes in Fund Balance	(1,300,000)	(1,300,000)	(190,194)	1,109,806
Fund Balance - Beginning	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,336,458</u>	<u>36,458</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,146,264</u>	<u>\$ 1,146,264</u>

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information
For The Year Ended June 30, 2010
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 3,786,000	\$ 3,786,000	\$ 4,396,869	\$ 610,869
Charges for Services	295,000	295,000	241,742	(53,258)
Miscellaneous	148,000	148,000	162,221	14,221
Interest	10,000	10,000	7,657	(2,343)
Total Revenues	<u>4,239,000</u>	<u>4,239,000</u>	<u>4,808,489</u>	<u>569,489</u>
EXPENDITURES				
Protection to Persons and Property	4,376,665	4,380,665	3,841,554	539,111
Administration	1,678,700	1,674,700	1,047,224	627,476
Total Expenditures	<u>6,055,365</u>	<u>6,055,365</u>	<u>4,888,778</u>	<u>1,166,587</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,816,365)</u>	<u>(1,816,365)</u>	<u>(80,289)</u>	<u>1,736,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
Transfers To Other Funds	906,365	906,365		(906,365)
Total Other Financing Sources (Uses)	<u>906,365</u>	<u>906,365</u>		<u>(906,365)</u>
Net Changes in Fund Balance	(910,000)	(910,000)	(80,289)	829,711
Fund Balance - Beginning	<u>910,000</u>	<u>910,000</u>	<u>962,009</u>	<u>52,009</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 881,720</u>	<u>\$ 881,720</u>

BOONE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

Note 1. Budgetary Information

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

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

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

The Boone 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.

Note 2. Reconciliation

	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenues</u>			
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 39,780,510	\$ 2,730,820	\$ 4,808,489
Accounts Receivable 6/30/2010	6,720,244	441,745	576,947
Accounts Receivable 6/30/2009	(6,176,197)	(339,897)	(469,151)
Change in Note Receivable Balance	(5,670)		
Proceeds From Sale of Assets	(57,850)	(35,500)	
Reclass of Reimbursements	(127,524)		
	<u>\$ 40,133,513</u>	<u>\$ 2,797,168</u>	<u>\$ 4,916,285</u>
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	<u>\$ 40,133,513</u>	<u>\$ 2,797,168</u>	<u>\$ 4,916,285</u>
<u>Expenses</u>			
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 32,642,073	\$ 7,145,531	\$ 4,888,778
Bond and Capital Lease Principal Payments			
Accounts Payable 6/30/2010	175,817	97,339	69,990
Accounts Payable 6/30/2009	(238,068)	(55,253)	(82,836)
Accrued Payroll 6/30/2010	203,622	79,856	74,185
Accrued Payroll 6/30/2009	(183,168)	(69,716)	(74,472)
Compensated Absences Payable 6/30/2010	235,306	130,353	56,546
Compensated Absences Payable 6/30/2009	(250,569)	(130,429)	(56,567)
Reclass of Reimbursements	4,946	1	1
	<u>\$ 32,589,959</u>	<u>\$ 7,197,682</u>	<u>\$ 4,875,625</u>
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	<u>\$ 32,589,959</u>	<u>\$ 7,197,682</u>	<u>\$ 4,875,625</u>

BOONE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010
(Continued)

Note 2. Reconciliation (Continued)

	General Fund	Road and Bridge Fund	Jail Fund
<u>Other Financing Sources (Uses)</u>			
Schedule of Revenues, Expenditures and			
Changes In Fund Balance Budget and Actual	\$ (4,791,918)	\$ 4,224,517	\$
Payment To Escrow Agent	(200,419)		
Premium On Bonds	7,034		
Proceeds From Sale of Assets	57,850	35,500	
Bond Sale Proceeds	200,000		
Schedule of Revenues, Expenditures and			
Changes In Fund Balances -			
Governmental Funds	<u>(4,727,453)</u>	<u>4,260,017</u>	
<u>Ending Balance</u>			
Schedule of Revenues, Expenditures and			
Changes In Fund Balance Budget and Actual	7,124,128	1,146,264	881,720
Notes Receivable	1,705,239		
Accounts Receivable	6,720,244	441,745	576,947
Due From Boone County Golf Course	2,610,118		
Restricted Cash	2,782,277		
Accounts Payable	(192,251)	(97,339)	(69,990)
Accrued Payroll	(203,622)	(79,856)	(74,185)
Compensated Balances Payable	(235,306)	(130,353)	(56,546)
Net Profit Tax Extension Payable	(2,765,844)		
Rounding Adjustment		1	(1)
Schedule of Revenues, Expenditures and			
Changes In Fund Balances -			
Governmental Funds	<u>\$ 17,544,983</u>	<u>\$ 1,280,462</u>	<u>\$ 1,257,945</u>

BOONE COUNTY FISCAL COURT
CONDITION RATING OF THE COUNTY'S STREET SYSTEM
Year Ended June 30, 2010

**Percentage of Lane-Miles in
Good or Better Condition**

2010	2009	2008
98%	97%	99%

**Percentage of Lane-Miles in
Substandard Condition**

2010	2009	2008
2%	3%	1%

**Comparison of Needed-to-Actual
Maintenance/Preservation**

	2010	2009	2008
Bridge			
Needed	\$ 0	\$ 0	\$ 0
Actual			
Roads			
Needed	507,600	522,335	542,260
Actual	412,237	295,393	479,277
Subdivision			
Needed	2,030,400	2,089,340	2,169,040
Actual	1,648,949	1,181,572	1,917,110

Note: The condition of road pavement is measured using the Stantec pavement management system, which is based on the deterioration potential of the pavement of each road. This pavement management system uses a measurement scale based on a pavement quality index (PQI) ranging from 2.0 for a failed pavement to 10.0 for perfect conditions. The County has established a minimum PQI for collector roads to be 7.0 and local roads to be 6.0. When a road is scheduled to fall below minimum PQI in a given fiscal year, the road will be scheduled to be rehabilitated in that year.

**BOONE COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information**

June 30, 2010

BOONE COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information

June 30, 2010

	<u>LGEA</u> <u>Fund</u>	<u>Federal</u> <u>Grants</u> <u>Fund</u>	<u>TIF</u> <u>District #1</u> <u>Fund</u>	<u>Mental</u> <u>Health</u> <u>Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 57,109	\$	\$ 231,959	\$ 255,123
Investments				
Notes Receivable				
Accounts Receivable	<u>31,406</u>	<u>23,620</u>	<u>38,375</u>	<u>532,570</u>
Total Assets	<u><u>88,515</u></u>	<u><u>23,620</u></u>	<u><u>270,334</u></u>	<u><u>787,693</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	<u>11,483</u>	<u>23,620</u>		<u>162,406</u>
Total Liabilities	<u><u>11,483</u></u>	<u><u>23,620</u></u>		<u><u>162,406</u></u>
FUND BALANCES				
Reserved for:				
Other Accounts			270,334	
Unreserved				
Special Revenue Funds	77,032			625,287
Debt Service				
Total Fund Balances	<u>77,032</u>		<u>270,334</u>	<u>625,287</u>
Total Liabilities and Fund Balances	<u><u>\$ 88,515</u></u>	<u><u>\$ 23,620</u></u>	<u><u>\$ 270,334</u></u>	<u><u>\$ 787,693</u></u>

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

BOONE COUNTY
COMBINING BALANCE-
NON-MAJOR GOVERNMENTAL FUNDS
Other Supplemental Information
June 30, 2010
(Continued)

JAG Recovery Grant Fund	Earl Parker Robinson Fund	Public Properties Fund	Total Non-Major Governmental Funds
\$ 75,016	\$ 333,352	\$ 2,629	\$ 952,559
			2,629
			625,971
<u>75,016</u>	<u>333,352</u>	<u>2,629</u>	<u>1,581,159</u>
			197,509
			197,509
			270,334
75,016	333,352	2,629	1,110,687
			2,629
<u>75,016</u>	<u>333,352</u>	<u>2,629</u>	<u>1,383,650</u>
<u>\$ 75,016</u>	<u>\$ 333,352</u>	<u>\$ 2,629</u>	<u>\$ 1,581,159</u>

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

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BOONE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information

For The Year Ended June 30, 2010

BOONE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information

For The Year Ended June 30, 2010

	LGEA Fund	Federal Grant Funds	TIF District #1 Fund	Mental Health Fund
REVENUES				
Taxes	\$	\$	\$ 265,442	\$ 1,911,214
Intergovernmental	129,676	312,197		13,000
Miscellaneous				11,166
Interest	568		226	4,637
Total Revenues	<u>130,244</u>	<u>312,197</u>	<u>265,668</u>	<u>1,940,017</u>
EXPENDITURES				
General Health and Sanitation				1,293,111
Social Services		312,197		645,649
Roads	131,974			
Debt Service				
Capital Projects			84,357	
Administration				294,481
Total Expenditures	<u>131,974</u>	<u>312,197</u>	<u>84,357</u>	<u>2,233,241</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,730)</u>		<u>181,311</u>	<u>(293,224)</u>
Other Financing Sources(Uses)				
Transfers To Other Funds			(226)	(100,000)
Transfers From Other Funds				100,000
Total Other Financing Sources (Uses)			<u>(226)</u>	
Net Change in Fund Balances	(1,730)		181,085	(293,224)
Fund Balances - Beginning	78,762		89,249	918,511
Fund Balances - Ending	<u>\$ 77,032</u>	<u>\$ 0</u>	<u>\$ 270,334</u>	<u>\$ 625,287</u>

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

BOONE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Other Supplementary Information
For The Year Ended June 30, 2010
(Continued)

JAG Recovery Grant Fund	Earl Parker Robinson Fund	Public Properties Fund	Total Non-Major Governmental Funds
\$ 75,000	\$	\$ 1,159,619	\$ 2,176,656
16	2,655	7	11,166
<u>75,016</u>	<u>2,655</u>	<u>1,159,626</u>	<u>3,885,423</u>
			1,293,111
			957,846
			131,974
		1,157,119	1,157,119
			84,357
		2,500	296,981
		<u>1,159,619</u>	<u>3,921,388</u>
<u>75,016</u>	<u>2,655</u>	<u>7</u>	<u>(35,965)</u>
			(100,226)
			100,000
			<u>(226)</u>
75,016	2,655	7	(36,191)
	330,697	2,622	1,419,841
<u>\$ 75,016</u>	<u>\$ 333,352</u>	<u>\$ 2,629</u>	<u>\$ 1,383,650</u>

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

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BOONE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2010

BOONE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2010

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Cash Programs:			
<u>U.S. Department of Housing and Urban Development</u>			
Section Eight Housing Choice Venture Program	# 14.871	KY135-CE-0012	\$ 5,626,852
Community Development Block Grant - ARRA - Brighton Center Yr 1 Total grant \$300,000	# 14.228	05-020	2,000
Community Development Block Grant - ARRA - Brighton Center Yr 2 Total grant \$300,000	# 14.228	05-020R	206,398
Community Development Block Grant - ARRA - Brighton Center Yr 3 Total grant \$300,000	# 14.228	07-120	103,799
Total U.S. Department of Housing and Urban Development			5,939,049
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program Grant	# 16.607	OMB# 1121-0235	2,921
<u>US Department of Energy</u>			
ARRA - Energy Efficiency and Conservation Block Grants	# 81.128	DE-FOA-0000013	306,600
<u>U.S. Department of Homeland Security</u>			
Emergency Management Performance Grant Support Emergency Preparedness	# 97.042	PON2 095 080007930 1	116,375
Port Security Grant Domestic Preparedness-Water Rescue Larry Allen LLC	# 97.056	2007PSGPSUP001	117,782
Total U.S. Department of Homeland Security			234,157

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

BOONE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2010
(Continued)

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Cash Programs: (Continued)			
<u>U.S Department of Interior</u>			
Passed-Through the Kentucky Heritage Council Historic Preservation Fund Grants - In - Aid			
Federal Survey and Planning Grant	# 15.904	21-09-21823	\$ 9,000
Design/Review Guidelines for Walton			
<u>U.S Department of Transportation (Federal Highway Admin)</u>			
Passed-Through the Kentucky Transportation Cabinet/DLG			
Highway Planning and Construction Transportation Enhancement Program 2004 TEA - 21			
Hebron Business District	# 20.205	PO2 628 07000012914	60,105
Safe Routes to School (SRTS)			
Conner Campus	# 20.205	PO2 628 07000012914	<u>203,695</u>
Total U.S. Department of Transportation (Federal Highway Admin)			<u>263,800</u>
Total Cash Expenditures of Federal Awards			<u><u>\$ 6,755,527</u></u>

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

BOONE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2010

Note 1- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Boone County, Kentucky and is presented on the basis of accounting described in Note 1 of the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2- Section Eight Housing Rental Assistance Program

As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in, the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 3 – Determination of Major Programs

The Type A program for the fiscal year is any program for which total expenditures of federal awards exceed \$300,000 for fiscal year 2011 or were deemed high risk. The Type A programs were:

- CFDA #14.871 Section Eight Housing Choice Vouchers Program
- CFDA #81.128 ARRA - Energy Efficiency and Conservation Block Grants
- CFDA #14.228 ARRA – Community Development Block Grants

Note 4 – Noncash Expenditures

There were no noncash expenditures of federal awards for fiscal year 2010.

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**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**



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boone County, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated June 19, 2012. We did not audit the Boone County Public Properties Corporation Golf Course or the Boone County Assisted Housing Department, which are blended component units. We also did not audit the Boone County Public Safety Communications Center, a discretely presented component unit. These were audited by other auditors whose reports thereon have been furnished to us. 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.

Internal Control Over Financial Reporting

The management of the Boone County Fiscal Court is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Boone County Fiscal Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boone County Fiscal Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boone County Fiscal Court's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Boone County's financial statements as of and for the year ended June 30, 2010, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written in a cursive style.

Adam H. Edelen
Auditor of Public Accounts

June 19, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

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

Independent Auditor's Report

Compliance

We have audited the compliance of Boone County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that that could have a direct and material effect on each of Boone County's major federal programs for the year ended June 30, 2010. Boone County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Boone County's management. Our responsibility is to express an opinion on Boone County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boone 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. Our audit does not provide a legal determination of Boone County's compliance with those requirements.

In our opinion, Boone County complied, in all material respects, with the requirements referred to above that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Boone County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boone County internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.



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

Internal Control Over Compliance (Continued)

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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

June 19, 2012

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

For The Year Ended June 30, 2010

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

Fiscal Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses unqualified opinions on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Boone County.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Boone County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Boone County expresses an unqualified opinion.
6. There are no findings relative to the major federal awards programs for Boone County reported in Part C of this schedule.
7. The programs tested as major programs were: Section Eight Housing Choice Vouchers Program (CFDA# 14.871), ARRA - Energy Efficiency And Conservation Block Grants (CFDA# 81.128) and ARRA - Community Development Block Grants (CFDA# 14.228)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Boone County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

D. SUMMARY OF PRIOR YEAR FINDINGS

None.

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

BOONE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2010**

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

For The Fiscal Year Ended June 30, 2010

The Boone County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

