

MILLER, MAYER, SULLIVAN & STEVENS LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2015

To the Board of Commissioners
Georgetown-Scott County Revenue Commission, Inc.

We have audited the financial statements of the governmental activities of the Georgetown-Scott County Revenue Commission, Inc. (Commission) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 07, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Notes 1-3 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Commission's financial statements was:

Management's estimate of the amounts due from taxpayers is based on subsequent collections and a review of the large taxpayers accounts. We evaluated the key factors and assumptions used to develop the estimate of the amounts due from taxpayers in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of amounts due from and to taxing authorities in Note 4 to the financial statements was based on subsequent collections and a review of the large taxpayers accounts.

The disclosure of a significant taxpayer in Note 8 to the financial statements was based on a review of the taxpayer's account and its related entities accounts.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 30, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analyses, the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Schedule and the Notes to Required Supplementary Information on Budgetary Accounting and Control Schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Tax Receipts and Remittances to Tax Authorities, Schedule of Tax Revenues Payable to Tax Authorities, and Schedule of Unearned Revenue Remitted to Tax Authorities Schedules, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America,

the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of City of Georgetown, Kentucky; Scott County Fiscal Court; Scott County Board of Education, the Board of Commissioners, management, and others within Georgetown-Scott County Revenue Commission, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Miller, Mayer, Sullivan, & Stevens, LLP

Miller, Mayer, Sullivan, & Stevens, LLP

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**GEORGETOWN-SCOTT COUNTY
REVENUE COMMISSION, INC.**

Report on Audited Financial Statements

For the Year Ended June 30, 2015

CONTENTS

	Page
Independent Auditor's Report.....	1
Required Supplementary Information:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Governmental Fund Balance Sheet/Statement of Net Position.....	5
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities.....	6
Notes to Financial Statements.....	7
Required Supplementary Information:	
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual.....	12
Notes to Required Supplementary Information on Budgetary Accounting and Control.....	13
Supplemental Schedules:	
Schedule of Tax Receipts and Remittances to Tax Authorities.....	14
Schedule of Tax Revenues Payable to Tax Authorities.....	15
Schedule of Unearned Revenue Remitted to Tax Authorities.....	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Georgetown-Scott County Revenue Commission, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Georgetown-Scott County Revenue Commission, Inc. (Commission) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Georgetown-Scott County Revenue Commission, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Georgetown-Scott County Revenue Commission, Inc. as of June 30, 2015, and the respective changes in net assets and governmental fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 4 and 12 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements.

The supplemental schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Miller, Mayer, Sullivan, & Stevens, LLP

Lexington, Kentucky
September 30, 2015

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC

Management's Discussion and Analysis

The following comments are provided as an overview of the financial activities for the year ended June 30, 2015 to assist the reader in assessment of the financial condition of the Georgetown-Scott County Revenue Commission, Inc. (Commission) as of June 30, 2015. Please assess these comments in conjunction with the following financial statements and the Independent Auditor's Report.

Introduction

The Governmental Fund Balance Sheet/Statement of Net Position report the financial information of the Commission in two different ways. The column titled Governmental Fund represents the activities of the Commission accounted for on a modified accrual basis and does not consider the capital assets or prepaid expenses of the Commission. The column titled Statement of Net Position represents the Net Position of the Commission, including its capital assets. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities reports the revenues and expenditures of the Commission, including the purchase of capital assets and excluding depreciation of capital assets, and the column titled Statement of Activities reports the receipts and disbursements of the Commission, including depreciation and amortization and excluding capital assets. The adjustments column on both statements provides for reconciliation between the two methods of reporting the activities of the Commission.

Assets

Total assets of the Commission at June 30, 2015 are \$3,417,586, which is an increase of \$330,223 from the prior year. The majority of this increase is due to an increase in occupational tax payments received in July 2015 for amounts due at June 30, 2015. Capital assets total \$39,703 and \$45,346 for the years ended June 30, 2015 and 2014, respectively.

Liabilities

Total liabilities of the Commission at June 30, 2015 are \$3,248,289, all of which are payable from current assets. This is an increase of \$304,336 from the prior year due mainly to an increase in the amounts payable to the city for salaries and benefits, as well as an increase in occupational tax payments received in July 2015 for amounts due at June 30, 2015.

Net Position

Net Position of the Commission is \$169,297 and \$143,410 as of June 30, 2015 and 2014, respectively. Of this amount, \$39,703 and \$45,346, respectively, is invested in capital assets. The remaining balance of \$129,594 and \$98,064 is unrestricted.

Revenues

The activities of the Commission are financed by contributions of the City of Georgetown (40%), the Scott County Fiscal Court (40%), and the Scott County Board of Education (20%), collectively referred to as taxing authorities. These contributions were based upon each entity's share of the budgeted expenses of the Commission. These percentages were based upon the tax rate imposed by the jurisdictions and are set forth in an Interlocal Cooperative Agreement signed November 11, 2003. Total revenues realized by the Commission for the fiscal year ended June 30, 2015 and 2014 were \$397,437 and \$394,613, respectively. Total 2015 contributions from the City of Georgetown were \$158,800, from the Scott County Fiscal Court were \$158,800, and the Scott County Board of Education were \$79,400.

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC
Management's Discussion and Analysis

Expenses

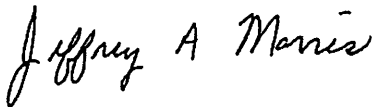
Expenses for the Commission for the years ended June 30, 2015 and 2014 were \$371,550 and \$363,915, respectively. Of this amount, 100% were spent on General Governmental activities.

Year End Financial Position

The increase (decrease) in net position for the years ended June 30, 2015, and 2014 were \$25,887 and \$30,698, respectively. The 2015 and 2014 increases were the result of the Commission expending less than budgeted amounts.

Budget

A budget for the period July 1, 2014 through June 30, 2015 was adopted by the Commission during its regular meeting on April 7, 2014. The total budgeted revenues were \$397,000, and the total budgeted expenditures were \$397,000. For the fiscal year ending June 30, 2015, the actual revenues were \$397,437, and the actual expenditures were \$365,733. This resulted in a favorable budget variance of \$31,704.



Jeffrey A. Morris, Director

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION
 June 30, 2015

	Governmental Funds	Adjustments	Statement of Net Position
Assets			
Cash	\$ 371,420	\$	\$ 371,420
Due from taxpayers:			
Occupational license fees	2,846,997		2,846,997
Net profits license fees	81,929		81,929
Penalties and interest	10,049		10,049
Regulated fees	425		425
Accounts receivable-Intergovernmental	62,350		62,350
Prepaid assets		4,713	4,713
Capital assets, net		39,703	39,703
Total assets	\$ 3,373,170	\$ 44,416	\$ 3,417,586
Liabilities			
Accounts payable, other	\$ 6,693	\$	\$ 6,693
Accounts payable-Intergovernmental	300,497		300,497
Amounts due to:			
City of Georgetown	1,122,294		1,122,294
Scott County Fiscal Court	1,366,493		1,366,493
Scott County Board of Education	452,312		452,312
Total liabilities	\$ 3,248,289	\$	\$ 3,248,289
Fund Balance/Net Position			
Invested in capital assets, net of related debt	\$	\$ 39,703	\$ 39,703
Unassigned/Unrestricted	124,881	4,713	129,594
Total fund balance/net position	\$ 124,881	\$ 44,416	\$ 169,297

Amounts reported in the Governmental Fund balance sheet differ with the reported amounts in the statement of net position as follows:

Capital assets, net of depreciation totaling \$92,691, used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund balance sheet	\$ 39,703
Prepaid expenses used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund balance sheet	4,713
	\$ 44,416

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

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Governmental Funds	Adjustments	Statement of Activities
Expenses			
Contract labor	\$ 286,017	\$	\$ 286,017
Contractual services	47,256	1,630	48,886
Materials and supplies	28,511	(1,456)	27,055
Other	3,949		3,949
Depreciation		5,643	5,643
Total expenses	365,733	5,817	371,550
Revenues			
Contributions:			
City of Georgetown	158,800		158,800
Scott County Fiscal Court	158,800		158,800
Scott County Board of Education	79,400		79,400
Miscellaneous	437		437
Total revenues	397,437		397,437
Net revenues in excess (deficit) of expenses	31,704	(5,817)	25,887
Fund balance/net position, June 30, 2014	93,177	50,233	143,410
Fund balance/net position, June 30, 2015	\$ 124,881	\$ 44,416	\$ 169,297

Amounts reported in the Governmental Fund financial statement differ with the Statement of Activities as follows:

The Governmental Fund financial statement reports capital outlays as expenditures while the Statement of Activities reports depreciation of these assets over the life of the assets:

Depreciation expense	\$	5,643
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The Governmental Fund financial statement reports prepaid expenditures as current year expenses while the Statement of Activities includes prepaid expenses as assets

174
\$ 5,817

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

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. Accounting Policies

The Georgetown-Scott County Revenue Commission, Inc. (Commission) was created in 2004 by a joint agreement between the City of Georgetown, Kentucky (City), Scott County Fiscal Court (County), and Scott County Board of Education (School Board) for the purpose of interpreting the license tax provisions of the City, County, and School Board as necessary, and to provide for the collection of license tax revenues.

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below, and where appropriate, subsequent pronouncements will be referenced.

Basis of Presentation

Government-Wide Financial Statements. The statement of net position and statement of activities display information about the Commission as a whole and include the operating fund of the Commission. All operating activities of the Commission are reported as a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Budgetary Control and Encumbrances

Budget Policy. The Commission prepares and approves a budget annually for operating purposes. Budget amendments are made as needed.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Events that occur after the governmental fund balance sheet/statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Commission through September 30, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

2. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Measurement Focus. In the government-wide statement of net position and statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting. In the government-wide statement of net position and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

3. Assets, Liabilities, and Equity

Cash. Cash includes cash accounts on deposit with the bank.

Accounts Receivable. In the government-wide statements, receivables earned consist of revenues earned at year end and not yet received. In the fund financial statements, receivables consist of revenues earned, which were collected within 60 days of year end. In addition, receivables include taxes due from taxpayers as of June 30, 2015, which were not collected until after June 30, 2015.

The direct write-off method is used for uncollectible accounts. This method is not in accordance with GAAP, but the departure does not have a material effect on the financial statements.

Capital Assets. The accounting treatment of property, plant and equipment (capital assets) is as follows:

Statement of Net Position. In the statement of net position, capital assets are valued at historical cost, except for donated assets, which are recorded at their estimated fair value at the date of donation. Assets with an estimated life of greater than one year are capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation as follows:

<u>Asset Class</u>	<u>Years</u>
Leasehold improvements	20
Equipment	5
Vehicles	3

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Equity Classifications

Statement of Net Position. Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2015, there is no related debt.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by:
 - i. External groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - ii. Law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements. Governmental fund equity is classified as fund balance. Fund balance is further classified as:

1. **Non-spendable fund balance** includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted fund balance** includes amounts that are restricted to specific purposes either (a) by externally imposed creditors, grantor, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. **Committed fund balance** includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission's highest level of decision making authority. The Commission's highest level of decision making authority is the Board of Commissioners. Any committed fund balance would require the Board of Commissioners to adopt a resolution approving the commitment.
4. **Assigned fund balance** include amounts that are constrained by the Commission's intent to be used for specific purposes, but are neither restricted nor committed. The Commission's Director is authorized to assign the fund balance. The Commission has not adopted formal procedures to show that the Director has assigned the fund balance.
5. **Unassigned fund balance** represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

The Commission has determined that when both restricted and unrestricted funds are available, that they will use the restricted resources first. In addition, when expenditures could be deemed to have been expended by using committed, assigned or unassigned funds, the Commission has determined that the funds will be first categorized as assigned, second as committed and third as unassigned.

Revenues. The Commission's revenues consist primarily of operating grants from the City, County, and School Board. The three entities have agreed to reimburse the Commission monthly based on the approved budget of the Commission. The reimbursement rate is 40% by the City and County and 20% by the School Board.

Expenses/Expenditures. In the government-wide statements and fund financial statements, expenses are classified by function.

4. Due from/Due to Tax Authorities

License fee receivables at June 30, 2015 include amounts due from taxpayers, which are payable to the tax authorities as follows:

	<u>Taxing Authority</u>			<u>Total</u>
	<u>City</u>	<u>County</u>	<u>School Board</u>	
Due from taxpayers:				
Net profits license fees	\$ 29,776	\$ 32,526	\$ 19,627	\$ 81,929
Occupational license fees	1,193,810	1,356,625	296,562	2,846,997
Penalties and interest	2,869	3,688	3,492	10,049
Regulated fees	425			425
Total due from taxpayers	<u>1,226,880</u>	<u>1,392,839</u>	<u>319,681</u>	<u>2,939,400</u>
License fee collections prior to June 30, 2015 (overpaid), not remitted (reimbursed)	<u>(104,586)</u>	<u>(26,346)</u>	<u>132,631</u>	<u>1,699</u>
Total amounts due to tax authorities, June 30, 2015	<u>\$ 1,122,294</u>	<u>\$ 1,366,493</u>	<u>\$ 452,312</u>	<u>\$ 2,941,099</u>

5. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Leasehold improvements	\$ 65,189	\$	\$	\$ 65,189
Furniture and equipment	65,205			65,205
Vehicles	2,000			2,000
	132,394			132,394
Accumulated depreciation	<u>(87,048)</u>	<u>(5,643)</u>		<u>(92,691)</u>
Capital assets, net	<u>\$ 45,346</u>	<u>\$ (5,643)</u>	<u>\$</u>	<u>\$ 39,703</u>

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

6. Concentration of Credit Risk

Financial instruments which potentially subject the Commission to concentrations of credit risk consist of cash held in one financial institution. The Commission places its cash with high credit quality financial institutions that are FDIC insured. In addition, the bank has pledged certain investments held by the bank to the Commission as collateral. At June 30, 2015, the Commission's funds on deposit with the bank were adequately collateralized.

7. Related Party Activities

The Commission leases space from the Georgetown-Scott County Zoning Board under an informal operating lease agreement for \$12,000, annually of which \$6,000 is unpaid at June 30, 2015 and is included in the accompanying statement of governmental fund balance sheet/statement of net position as accounts payable, other. The Georgetown-Scott County Zoning Board is affiliated with the City and County. This lease may be terminated at any time by either party.

In addition, the personnel who work at the Commission are employees of the City. The Commission reimburses the City for the payroll cost associated with the employees. During the year ended June 30, 2015, the City did not bill the Commission for payroll cost until year end. As such, the Commission owed the City \$294,256 for payroll cost at June 30, 2015. This is included in the accompanying statement of governmental fund balance sheet/statement of net position as accounts payable, intergovernmental.

8. Significant Taxpayer

A comparison of collections from one company and its affiliates to the total receipts for each taxing authority follows:

	Amounts Provided	Total Receipts	% of Total Receipts
Occupational License Fees:			
City	\$ 6,658,214	\$ 10,984,927	61 %
County	6,985,036	12,529,075	56 %
School Board	1,189,882	2,645,019	45 %
Net Profits License Fees:			
City	\$ 2,144,961	\$ 3,370,297	64 %
County	2,356,963	3,713,535	63 %
School Board	1,186,672	1,956,886	61 %

REQUIRED SUPPLEMENTARY INFORMATION

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund balance, beginning of year	\$ 93,177	\$ 93,177	\$ 93,177	\$ _____
Expenses				
Contract labor	\$ 322,595	\$ 322,595	\$ 286,017	\$ 36,578
Contractual services	43,945	43,945	47,256	(3,311)
Materials and supplies	25,760	25,760	28,511	(2,751)
Other	<u>4,700</u>	<u>4,700</u>	<u>3,949</u>	<u>751</u>
Total expenses	<u>397,000</u>	<u>397,000</u>	<u>365,733</u>	<u>31,267</u>
Revenues				
City of Georgetown	158,800	158,800	158,800	
Scott County Fiscal Court	158,800	158,800	158,800	
Scott County Board of Education	79,400	79,400	79,400	
Miscellaneous			<u>437</u>	<u>437</u>
Total revenues	<u>397,000</u>	<u>397,000</u>	<u>397,437</u>	<u>437</u>
Net increase (decrease) in fund balance			<u>31,704</u>	<u>31,704</u>
Fund balance, end of year	<u>\$ 93,177</u>	<u>\$ 93,177</u>	<u>\$ 124,881</u>	<u>\$ 31,704</u>

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
For the Year Ending June 30, 2015

Budgetary Accounting

The annual operating budget is prepared and presented on the modified accrual basis of accounting by the Board of Commissioners.

The Commission does not use an encumbrance accounting system; thus, the budgetary and GAAP presentation of the statement of governmental revenues, expenditures and changes in fund balance-budget and actual are the same.

SUPPLEMENTAL SCHEDULES

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
SCHEDULE OF TAX RECEIPTS AND REMITTANCES TO TAX AUTHORITIES
For the Year Ended June 30, 2015

	<u>City of Georgetown</u>	<u>Scott County Fiscal Court</u>	<u>Scott County Board of Education</u>	<u>Total</u>
Prior year unpaid amounts	\$ 1,035,038.90	\$ 1,314,227.34	\$ 439,983.98	\$ 2,789,250.22
Receipts				
Occupational license fees	10,984,926.66	12,529,075.25	2,645,019.38	26,159,021.29
Net profits license fees	3,370,297.09	3,713,535.46	1,956,886.00	9,040,718.55
Penalty and interest	61,024.96	52,187.62	46,364.25	159,576.83
Regulated business fees	4,250.00			4,250.00
Interest income	386.97	438.45	118.85	944.27
	<u>14,420,885.68</u>	<u>16,295,236.78</u>	<u>4,648,388.48</u>	<u>35,364,510.94</u>
Disbursements				
Collection fees	144,650.00	144,650.00	72,380.00	361,680.00
Voided checks reissued	2,354.37	2,201.21	775.35	5,330.93
Refunds:				
Occupational license fees	68,962.86	74,518.65	24,414.62	167,896.13
Net profits license fees	35,567.90	33,315.11	17,520.02	86,403.03
Paid to taxing authorities:				
July	1,007,007.22	1,201,399.49	280,348.74	2,488,755.45
August	934,113.81	1,082,971.71	222,650.47	2,239,735.99
September	1,712,447.29	1,920,169.83	701,106.34	4,333,723.46
October	882,671.22	1,029,874.54	235,652.85	2,148,198.61
November	1,208,875.11	1,380,208.99	294,566.27	2,883,650.37
December	1,903,943.72	2,114,915.58	749,792.52	4,768,651.82
January	875,814.95	1,052,121.68	223,086.83	2,151,023.46
February	1,165,145.13	1,340,715.15	296,663.83	2,802,524.11
March	964,630.51	1,119,696.57	309,845.63	2,394,172.71
April	1,315,767.93	1,519,218.53	525,688.47	3,360,674.93
May	1,002,903.67	1,127,714.16	255,721.57	2,386,339.40
June	2,335,654.71	2,492,118.85	745,528.52	5,573,302.08
	<u>15,560,510.40</u>	<u>17,635,810.05</u>	<u>4,955,742.03</u>	<u>38,152,062.48</u>
Balance due to tax authorities	<u>\$ (104,585.82)</u>	<u>\$ (26,345.93)</u>	<u>\$ 132,630.43</u>	<u>\$ 1,698.68</u>

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
SCHEDULE OF TAX REVENUES PAYABLE TO TAX AUTHORITIES
June 30, 2015

	<u>City of Georgetown</u>	<u>Scott County Fiscal Court</u>	<u>Scott County Board of Education</u>	<u>Total</u>
Balance due tax authorities on collections prior to June 30, 2015	\$ (104,585.82)	\$ (26,345.93)	\$ 132,630.43	\$ 1,698.68
Taxes owed at June 30, 2015, but collected subsequent to June 30, 2015:				
Occupational license fees	1,193,810.93	1,356,624.55	296,561.64	2,846,997.12
Net profits license fees	29,775.13	32,526.11	19,627.39	81,928.63
Penalty and interest	2,868.96	3,688.05	3,492.30	10,049.31
Regulated business fees	<u>425.00</u>	<u> </u>	<u> </u>	<u>425.00</u>
Total tax revenues payable, June 30, 2015	<u>\$ 1,122,294.20</u>	<u>\$ 1,366,492.78</u>	<u>\$ 452,311.76</u>	<u>\$ 2,941,098.74</u>

GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.
SCHEDULE OF UNEARNED REVENUE REMITTED TO TAX AUTHORITIES
June 30, 2015

	<u>City of Georgetown</u>	<u>Scott County Fiscal Court</u>	<u>Scott County Board of Education</u>	<u>Total</u>
Net profits license fee overpayments which have been paid to taxing authorities	<u>\$ 938,879</u>	<u>\$ 950,016</u>	<u>\$ 472,718</u>	<u>\$ 2,361,613</u>

**INDEPENDENT AUDITOR'S 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**

The Board of Commissioners
Georgetown-Scott County Revenue Commission, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Georgetown-Scott County Revenue Commission, Inc. (Commission) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Miller, Mayer, Sullivan, & Stevens, LLP

Miller, Mayer, Sullivan, & Stevens, LLP
September 30, 2015