

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

Report on Audited Financial Statements  
For the Year Ended June 30, 2005

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# MILLER, MAYER, SULLIVAN & STEVENS LLP

CERTIFIED PUBLIC ACCOUNTANTS  
"INNOVATORS OF SOLUTION TECHNOLOGY"™

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements for the governmental activities of Georgetown-Scott County Revenue Commission, Inc. (Commission) as of June 30, 2005 and for the year ended June 30, 2005, which comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Georgetown-Scott County Revenue Commission, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

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, 2005 and the changes in net assets and governmental fund balance for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2005, on our consideration of Georgetown-Scott County Revenue Commission, Inc.'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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 3 is not a required part of the basic financial statements, but is 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 measurements 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 an opinion on the financial statements that comprise the Georgetown-Scott County Revenue Commission, Inc.'s basic financial statements. The required and other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Miller, Mayer, Sullivan, & Stevens, LLP*

Lexington, Kentucky  
September 1, 2005

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

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The following comments are provided as an overview of the financial activities for the year ended June 30, 2005 and to assist the reader in assessment of the financial condition of Georgetown-Scott County Revenue Commission, Inc. (GSCRC) as of June 30, 2005. Please assess these comments in conjunction with the following financial statements and the Independent Auditors' Report.

**Introduction**

The Governmental Fund Balance Sheet/Statement of Net Assets report the financial information of the GSCRC in two different ways. The column titled Governmental Fund represents the activities of the GSCRC accounted for on a modified accrual basis and does not consider the capital assets or prepaid expenses of the GSCRC. The column titled Statement of Net Assets represents the Net Assets of the GSCRC, 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 GSCRC. The column titled General Fund reports the receipts and disbursements, 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 GSCRC, 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 GSCRC.

**Assets**

Total assets of the GSCRC at June 30, 2005 is \$2,601,018 of which \$63,271 is invested in capital assets, \$133,182 is invested in cash or cash equivalents, and \$2,397,861 represents amounts due from tax payers. The remaining \$6,704 represents prepaid assets.

**Liabilities**

Total liabilities of the GSCRC at June 30, 2005 is \$2,558,768, all of which are payable from current assets. Of this amount, \$2,538,854 is payable to the various tax authorities, \$7,335 represents accounts payable at June 30, 2005, and \$12,579 represents payroll payable at June 30, 2005.

**Net Assets**

As of June 30, 2005, the GSCRC's net assets exceeded liabilities by \$42,250. Of these net assets, \$63,271 is invested in capital assets, and unrestricted net assets reflect a deficit of \$(21,021).

**Revenues**

The activities of GSCRC are financed by contributions from the City of Georgetown (40%), the Scott County Fiscal Court (40%), and the Scott County Board of Education (20%), collectively, referred to as the taxing authorities. These contributions were based upon each entities share of the budgeted expenses of the GSCRC. 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 GSCRC for the fiscal year ended June 30, 2005 was \$371,948. Total contributions from the City of Georgetown were \$149,979, from the Scott County Fiscal Court were \$147,979, and the Scott County Board of Education were \$73,990.

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

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**Expenses**

Expenses for the GSCRC for the year ended June 30, 2005 totaled \$346,400. Of this amount, 100% was spent on General Governmental activities.

**Year End Financial Position**

The increase in net assets for the year ended June 30, 2005 was \$16,702.

**Budget**

A budget for the year ended June 30, 2005 was adopted by the Board of Commissioners during its regular meeting on July 1, 2004. The total budgeted revenues were \$341,391, and the total budgeted expenditures were \$341,391. This budget was amended and adopted by the Commission during its regular meeting August 9, 2004. The amended budgeted revenues were \$369,948, and the amended budgeted expenditures were \$369,948. For the year ended June 30, 2005, the actual revenues were \$369,948, and the actual expenditures were \$397,850. This resulted in an unfavorable budget variance of \$27,902. The majority of this variance was a result of not amending the budget for the approved building renovation, which totaled \$44,764.

**Prior Year Comparisons**

Because GSCRC was established January 1, 2004, prior year comparison of activities has not been presented since the initial reporting period was for only six months.

  
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Jeffrey A. Morris, Director

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 133,182	\$	\$ 133,182
Due from taxpayers:			
Occupational license fees	2,352,601		2,352,601
Net profits license fees	45,260		45,260
Prepaid assets		6,704	6,704
Capital assets, net		63,271	63,271
<b>Total assets</b>	<u>\$ 2,531,043</u>	<u>\$ 69,975</u>	<u>\$ 2,601,018</u>
<b>Liabilities</b>			
Accounts payable, trade	\$ 7,335	\$	\$ 7,335
Accounts payable, intergovernmental	126,941		126,941
Accrued payroll payable	12,579		12,579
Amounts due to:			
City of Georgetown	1,009,356		1,009,356
Scott County Fiscal Court	1,163,328		1,163,328
Scott County Board of Education	239,229		239,229
<b>Total liabilities</b>	<u>\$ 2,558,768</u>	<u>\$</u>	<u>\$ 2,558,768</u>
<b>Fund Balance/Net Assets</b>			
Invested in capital assets, net of related debt		63,271	63,271
Unrestricted	(27,725)	6,704	(21,021)
<b>Total fund balance/net assets</b>	<u>\$ (27,725)</u>	<u>\$ 69,975</u>	<u>\$ 42,250</u>

Amounts reported in the Governmental Fund Balance sheet differ with the reported amounts in the Statement of Net Assets as follows:

Capital assets, net of depreciation totaling \$1,146, used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund balance sheet	\$ 63,271
Prepaid expenses used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund balance sheet	6,704
	<u>\$ 69,975</u>

*The accompanying notes are an integral part of this financial statement.*

**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, 2005**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenses:</b>			
Contract labor	\$ 268,731	\$	\$ 268,731
Contractual services	42,094	(1,163)	40,931
Materials and supplies	29,445	673	30,118
Other	3,625		3,625
Depreciation		2,995	2,995
Capital	53,955	(53,955)	
<b>Total expenses</b>	<u>397,850</u>	<u>(51,450)</u>	<u>346,400</u>
<b>Revenues:</b>			
Contributions:			
City of Georgetown	147,979	2,000	149,979
Scott County Fiscal Court	147,979		147,979
Scott County Board of Education	73,990		73,990
<b>Total revenue</b>	<u>369,948</u>	<u>2,000</u>	<u>371,948</u>
<b>Net revenues in excess (deficit) of expenses</b>	(27,902)	53,450	25,548
<b>Fund balance/net assets, June 30, 2004</b>	<u>177</u>	<u>16,525</u>	<u>16,702</u>
<b>Fund balance/net assets, June 30, 2005</b>	<u>(27,725)</u>	<u>\$ 69,975</u>	<u>\$ 42,250</u>

Amounts reported for 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	\$ 2,995
Capital expenditures	(53,955)

The Governmental Fund financial statements do not report contributions of capital assets while the Statement of Activities reports contributions of capital assets (2,000)

The Governmental Fund financial statement reports prepaid expenditures as current year expenses while the Statement of Activities does not include prepaid assets as expenses (490)

\$ (53,450)

*The accompanying notes are an integral part of this financial statement.*

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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**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 more significant of the Commission's accounting policies are described below.

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 assets 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 nonexchange 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 U.S. generally accepted accounting principles 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.

**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, 2005**

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**Measurement Focus.** In the government-wide Statement of Net Assets 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 assets.

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 Assets 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 and Cash Equivalents.** Cash and cash equivalents include cash in the operating account on deposit with the Bank. At June 30, 2005, the entire cash balance of the Commission on deposit with the Bank is covered by FDIC insurance or is collateralized by 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, 2005, which are not collected until after June 30, 2005.

The direct write-off method is used for uncollectible accounts. This method is not in accordance with generally accepted accounting principles, 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 Assets.** In the statement of net assets, capital assets are valued at historical cost, which are recorded at their estimated fair value at the date of donation.

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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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 Assets.

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 Assets.*** 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, 2005, 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 reserved and unreserved, with unreserved further split between designated and undesignated.

#### **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.

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**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, 2005 include amounts due from taxpayers, which are payable to the tax authorities as follows:

	<b>Taxing Authority</b>			<b>Total</b>
	<b>City</b>	<b>County</b>	<b>School Board</b>	
Due from TaxPayers:				
Net profits license fees	\$ 15,694	\$ 19,499	\$ 10,067	\$ 45,260
Occupational license fees	988,911	1,137,727	225,963	2,352,601
Total due from taxpayers	1,004,605	1,157,226	236,030	2,397,861
License fee collections prior to June 30, 2005, not remitted	4,751	6,102	3,199	14,052
Total amounts due to tax authorities, June 30, 2005	<u>\$ 1,009,356</u>	<u>\$ 1,163,328</u>	<u>\$ 239,229</u>	<u>\$ 2,411,913</u>

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<b>Balance July 1, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2005</b>
Leasehold improvements	\$	\$ 44,764	\$	\$ 44,764
Equipment	11,457	9,191		20,648
Vehicles		2,000		2,000
	11,457	55,955		67,412
Accumulated depreciation	(1,146)	(2,995)		(4,141)
Capital assets, net	<u>\$ 10,311</u>	<u>\$ 52,960</u>	<u>\$</u>	<u>\$ 63,271</u>

**6. Concentrations 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. At June 30, 2005, the Commission's funds on deposit with the Bank were covered by FDIC insurance up to \$100,000. Funds in excess of the FDIC coverage were collateralized by securities held by the pledging financial institution.

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

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One company and its affiliates provided the following amounts:

	<b>Amounts Provided</b>	<b>Total Receipts</b>	<b>% of Total Receipts</b>
<b>Occupational License Fees:</b>			
City	\$ 5,886,342	\$ 9,143,820	64%
County	5,830,696	10,231,486	57%
School Board	847,844	1,906,656	44%
<b>Net profits fees:</b>			
City	\$ 3,831,000	\$ 8,508,968	45%
County	3,851,000	8,491,716	45%
School Board	2,040,000	4,501,032	45%

**REQUIRED SUPPLEMENTAL DATA**

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENSES,**  
**AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2005**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Fund balance, beginning of year	\$ 177	\$ 177	\$ 177	\$
Expenses:				
Contract labor	269,521	279,328	268,731	10,597
Contractual services	24,500	33,500	42,094	(8,594)
Materials and supplies	33,720	35,620	29,445	6,175
Other	1,950	1,950	3,625	(1,675)
Capital	11,700	19,550	53,955	(34,405)
Total expenses	341,391	369,948	397,850	(27,902)
Revenues:				
City of Georgetown	136,556	147,979	147,979	
Scott County Fiscal Court	136,556	147,979	147,979	
Scott County Board of Education	68,279	73,990	73,990	
Total revenues	341,391	369,948	369,948	
Net increase (decrease in fund balance)			(27,902)	(27,902)
Fund balance, end of year	\$ 177	\$ 177	\$ (27,725)	\$ (27,902)

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**ON BUDGETARY ACCOUNTING AND CONTROL**  
**For the Year Ended June 30, 2005**

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**BUDGETARY ACCOUNTING AND CONTROL**

**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, Expenses and Changes in Fund Balance-Budget and Actual are the same.

**Expenditures Exceeding Budget**

Expenditures exceeded budgeted amounts by \$27,902.

## **SUPPLEMENTAL DATA**



**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**SCHEDULE OF TAX RECEIPTS AND REMITTANCES TO TAX AUTHORITIES**  
For the Year Ended, June 30, 2005

	<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	\$ 14,561.47	\$ 13,815.98	\$ 8,184.61	\$ 36,562.06
<b>Receipts:</b>				
Occupational license fees	9,143,820.15	10,231,485.69	1,906,656.41	21,281,962.25
Net Profits license fees	8,508,968.47	8,491,716.03	4,501,031.85	21,501,716.35
Penalty & interest	11,621.62	23,939.46	8,274.55	43,835.63
Prior year collections				
New business fees	525.00			525.00
Annual business fees	12,935.00			12,935.00
Regulated business fees	2,925.00			2,925.00
Interest income	579.67	579.67	289.89	1,449.23
	<u>17,681,374.91</u>	<u>18,747,720.85</u>	<u>6,416,252.70</u>	<u>42,845,348.46</u>
<b>Disbursements:</b>				
Collection fees	148,680.00	148,680.00	74,340.00	371,700.00
Refunds:				
Occupational license fees	33,834.94	25,507.82	5,025.64	64,368.40
Net Profits license fees	16,485.38	12,412.33	11,125.51	40,023.22
Fees reclassified	(1,274.47)		1,274.47	
Paid to taxing authorities:				
July	5,010,707.02	4,976,438.58	2,565,373.39	12,552,518.99
August	1,307,109.46	1,418,279.27	262,647.38	2,988,036.11
September	1,681,778.43	1,695,645.55	613,735.49	3,991,159.47
October	653,623.28	766,832.69	159,547.92	1,580,003.89
November	903,476.86	972,044.73	197,574.88	2,073,096.47
December	2,083,677.79	2,169,996.16	781,143.14	5,034,817.09
January	212,236.30	283,616.19	82,832.30	578,684.79
February	1,320,981.39	1,541,724.85	275,589.95	3,138,296.19
March	697,497.63	769,362.17	292,020.02	1,758,879.82
April	884,526.22	1,002,883.09	314,251.18	2,201,660.49
May	1,055,846.40	1,169,963.44	229,726.99	2,455,536.83
June	1,681,999.29	1,802,048.37	555,030.45	4,039,078.11
	<u>17,691,185.92</u>	<u>18,755,435.24</u>	<u>6,421,238.71</u>	<u>42,867,859.87</u>
Balance due to tax authorities	<u>\$ 4,750.46</u>	<u>\$ 6,101.59</u>	<u>\$ 3,198.60</u>	<u>\$ 14,050.65</u>

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**SCHEDULE OF TAX REVENUES PAYABLE TO TAX AUTHORITIES**  
**June 30, 2005**

	<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, 2005	\$ 4,750.46	\$ 6,101.59	\$ 3,198.60	\$ 14,050.65
Taxes owed at June 30, 2005, but collected subsequent to June 30, 2005:				
Occupational license	988,911.47	1,137,727.29	225,963.48	2,352,602.24
Net profits license	<u>15,693.50</u>	<u>19,497.87</u>	<u>10,068.34</u>	<u>45,259.71</u>
Total tax revenues payable, June 30, 2005	<u>\$ 1,009,355.43</u>	<u>\$ 1,163,326.75</u>	<u>\$ 239,230.42</u>	<u>\$ 2,411,912.60</u>

**GEORGETOWN-SCOTT COUNTY REVENUE COMMISSION, INC.**  
**SCHEDULE OF UNEARNED REVENUE REMITTED TO TAX AUTHORITIES**  
**JUNE 30, 2005**

	<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>\$ 699,237</u>	<u>\$ 500,955</u>	<u>\$ 132,311</u>	<u>\$ 1,332,503</u>

# MILLER, MAYER, SULLIVAN & STEVENS LLP

CERTIFIED PUBLIC ACCOUNTANTS  
"INNOVATORS OF SOLUTION TECHNOLOGY"™

## 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

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

We have audited the financial statements of the governmental activities of Georgetown-Scott County Revenue Commission, Inc., as of June 30, 2005 for the year ended June 30, 2005, which comprise Georgetown-Scott County Revenue Commission, Inc.'s basic financial statements and have issued our report thereon dated September 1, 2005. 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

In planning and performing our audit, we considered Georgetown-Scott County Revenue Commission, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Georgetown-Scott County Revenue Commission, Inc. in a separate letter dated September 1, 2005.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgetown-Scott County Revenue Commission, Inc.'s financial statements 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 the City of Georgetown, Kentucky; Scott County Fiscal Court; Scott County Board of Education, the Board of Commissioners, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Miller, Mayer, Sullivan, & Stevens, LLP*

Miller, Mayer, Sullivan, & Stevens, LLP

September 1, 2005