

HARDIN COUNTY PLANNING
AND DEVELOPMENT COMMISSION
(A COMPONENT UNIT OF
HARDIN COUNTY FISCAL COURT)

INDEPENDENT AUDITOR'S REPORT
ON FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION

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YEAR ENDED JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Hardin County Planning and Development Commission
Elizabethtown, Kentucky

We have audited the accompanying basic financial statements of the Hardin County Planning and Development Commission, a component unit of Hardin County Fiscal Court, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Hardin County Planning and Development Commission management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardin County Planning and Development Commission as of June 30, 2010, and the changes in its financial position and its cash flows 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 a report dated December 7, 2010, on our consideration of Hardin County Planning and Development Commission's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 through 6, 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 measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Stiles, Carter & Associates

Certified Public Accountants

December 7, 2010

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Hardin County Planning and Development Commission's financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to review the Commission's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities at June 30, 2010, by \$173,051. The entire unrestricted net assets of \$173,051 may be used to meet the Commission's ongoing obligations.
- The Commission's total net assets increased by \$100,193. This increase is a result of an increase in business and an increase in the operating subsidy from Hardin County Fiscal Court.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The financial statements included in this annual report are those of a special-purpose government engaged only in business-type activities. As enterprise funds, the Commission's basic financial statements include 1) Statement of net assets; 2) Statement of revenues, expenses and changes in fund net assets and 3) Statement of cash flows. This report also contains notes to the basic financial statements.

Basis of accounting: The Commission presents its financial statements on the accrual basis of accounting. The accrual basis of accounting is a basis of accounting in accordance with generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the Commission's accrual basis of accounting, revenues and related assets are recognized when they are earned and expenses and related liabilities are recognized when incurred.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$173,051 as of June 30, 2010.

The Commission's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

(Table 1)
Summary of Net Assets
as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Current and other assets	<u>\$ 474,465</u>	<u>\$ 317,216</u>
Total Assets	<u>474,465</u>	<u>317,216</u>
Liabilities:		
Current and other liabilities	<u>301,414</u>	<u>244,358</u>
Total liabilities	<u>301,414</u>	<u>244,358</u>
Net Assets:		
Unrestricted net assets	<u>173,051</u>	<u>72,858</u>
Total Net Assets	<u><u>\$ 173,051</u></u>	<u><u>\$ 72,858</u></u>

The Commission's net assets increased by \$100,193 during 2010. This is a result of an increase in revenues as well as a decline in expenses.

(Table 2)
Changes in Net Assets
Years Ended June 30, 2010 and 2009

	2010	2009
Operating revenue:		
Charges for services	\$ 268,095	\$ 219,678
Other revenue	860	2,204
Total operating revenue	<u>268,955</u>	<u>221,882</u>
Operating expenses:		
Salaries and wages	274,763	278,184
Employee benefits	88,485	86,749
Unemployment benefits reimbursed	2,315	8,114
Payroll taxes	3,033	3,080
Inspections	72,308	65,140
Computer mapping-GIS	-	-
Advertising	505	988
Telephone	3,265	3,336
Supplies	4,711	3,444
Professional fees	16,200	27,407
Conventions and dues	3,579	4,966
Travel	7,528	6,218
Staff training	16	-
Commission and board member per diem	5,900	5,050
Other commission and board expense	371	92
Document printing	230	-
Recordings	1,008	752
Reference materials	927	146
Repairs and maintenance	5,993	5,307
Capital outlay	-	1,700
Depreciation	2,355	-
Refunds	2,155	608
Miscellaneous	189	20
Total operating expenses	<u>495,836</u>	<u>501,301</u>
Loss from operations	(226,881)	(279,419)
Non-operating revenue:		
Operating subsidy	324,000	250,000
Interest income	3,074	8,479
Total non-operating revenue	<u>327,074</u>	<u>258,479</u>
Increase (decrease) in net assets	<u>\$ 100,193</u>	<u>\$ (20,940)</u>

Capital Assets and Debt

At the end of fiscal year 2010 and 2009, the book value of the Commission's equipment and vehicles was \$9,421 and \$0 respectfully. The Commission has no debt associated with assets.

(Table 3)
Capital Assets at June 30, 2010 and 2009
(Net of Depreciation)

	<u>2010</u>	<u>2009</u>
Equipment	\$ 9,421	\$ -
Vehicles	-	-
Total	<u>\$ 9,421</u>	<u>\$ -</u>

The changes in Capital Assets for the years ended June 30, 2010 and 2009 is as follows:

(Table 4)
Change in Capital Assets
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Beginning balance (net of depreciation)	\$ 11,776	\$ -
Depreciation	<u>(2,355)</u>	-
Ending balance (net of depreciation)	<u>\$ 9,421</u>	<u>\$ -</u>

At June 30, 2010 and 2009, the Commission had no debt outstanding.

Requests for Information

This financial report is designed to provide a general overview of Hardin County Planning and Development Commission's finances for all those with an interest in the commission's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to Chris Hunsinger, Hardin County Planning and Development Commission, 14 Public Square, 3rd Floor, Elizabethtown, Kentucky, (270) 769-5479.

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION
(A COMPONENT UNIT OF HARDIN COUNTY FISCAL COURT)
STATEMENT OF NET ASSETS
JUNE 30, 2010

	PLANNING AND DEVELOPMENT COMMISSION FUND	KENTUCKY BUILDING CODE FUND	HISTORICAL PROJECTS FUND	TOTALS
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 103,431	\$ 75,543	\$ 2,597	\$ 181,571
Investments - unrestricted	30,725	-	-	30,725
Restricted cash	-	133,064	-	133,064
Investments - restricted	19,865	99,819	-	119,684
TOTAL CURRENT ASSETS	154,021	308,426	2,597	465,044
NONCURRENT ASSETS:				
Capital assets, net of depreciation	5,446	3,975	-	9,421
TOTAL NONCURRENT ASSETS	5,446	3,975	-	9,421
TOTAL ASSETS	159,467	312,401	2,597	474,465
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	-	6,760	-	6,760
Accrued salaries	13,489	6,543	-	20,032
Compensated absences	14,693	7,181	-	21,874
Letters of credit	19,000	-	-	19,000
Unearned revenue	865	232,883	-	233,748
TOTAL CURRENT LIABILITIES	48,047	253,367	-	301,414
NET ASSETS				
Unrestricted	111,420	59,034	2,597	173,051
TOTAL NET ASSETS	\$ 111,420	\$ 59,034	\$ 2,597	\$ 173,051

See accompanying notes to financial statements.

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION
(A COMPONENT UNIT OF HARDIN COUNTY FISCAL COURT)
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2010

	PLANNING AND DEVELOPMENT COMMISSION FUND	KENTUCKY BUILDING CODE FUND	HISTORICAL PROJECTS FUND	TOTALS
OPERATING REVENUE:				
Charges for services	\$ 55,620	\$ 212,475	\$ -	\$ 268,095
Other revenue	235	545	80	860
TOTAL OPERATING REVENUE	55,855	213,020	80	268,955
OPERATING EXPENSES:				
Salaries and wages	191,807	82,956	-	274,763
Employee benefits	65,813	22,672	-	88,485
Unemployment benefits reimbursement	-	2,315	-	2,315
Payroll taxes	1,757	1,276	-	3,033
Inspections	-	72,308	-	72,308
Advertising	505	-	-	505
Telephone	1,171	2,094	-	3,265
Supplies	2,075	2,636	-	4,711
Professional fees	10,743	5,457	-	16,200
Conventions and dues	2,430	1,149	-	3,579
Travel	3,821	3,707	-	7,528
Staff training	16	-	-	16
Commission and board member per diem	5,900	-	-	5,900
Other commission board expense	371	-	-	371
Document Printing	230	-	-	230
Recordings	1,008	-	-	1,008
Reference materials	867	60	-	927
Repairs and maintenance	2,412	3,581	-	5,993
Depreciation	1,361	994	-	2,355
Refunds	-	2,155	-	2,155
Miscellaneous	27	162	-	189
TOTAL OPERATING EXPENSES	292,314	203,522	-	495,836
INCOME (LOSS) FROM OPERATIONS	(236,459)	9,498	80	(226,881)
NON-OPERATING REVENUE:				
Operating subsidy	267,000	57,000	-	324,000
Transfers	(1,600)	1,600	-	-
Interest income	1,221	1,851	2	3,074
TOTAL NON-OPERATING REVENUES	266,621	60,451	2	327,074
CHANGE IN NET ASSETS	30,162	69,949	82	100,193
NET ASSETS, beginning	81,258	(10,915)	2,515	72,858
NET ASSETS, ending	\$ 111,420	\$ 59,034	\$ 2,597	\$ 173,051

See accompanying notes to financial statements.

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION
(A COMPONENT UNIT OF HARDIN COUNTY FISCAL COURT)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

	PLANNING AND DEVELOPMENT COMMISSION FUND	KENTUCKY BUILDING CODE FUND	HISTORICAL PROJECTS FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash provided from user charges	\$ 56,265	\$ 254,570	\$ -	\$ 310,835
Cash provided from other revenues	235	545	80	860
Cash paid to employees	(254,322)	(105,290)	-	(359,612)
Cash paid for operations	(31,578)	(87,976)	-	(119,554)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(229,400)	61,849	80	(167,471)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of assets	(6,807)	(4,969)	-	(11,776)
Operating subsidy from Hardin County Fiscal Court	267,000	57,000	-	324,000
Operating transfers from other funds	-	1,600	-	1,600
Operating transfers to other funds	(1,600)	-	-	(1,600)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	258,593	53,631	-	312,224
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(900)	(1,493)	-	(2,393)
Sale of investments	-	-	-	-
Interest on investments	1,221	1,851	2	3,074
NET CASH PROVIDED BY INVESTING ACTIVITIES	321	358	2	681
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,514	115,838	82	145,434
CASH AND RESTRICTED CASH, July 1, 2009	73,917	92,769	2,515	169,201
CASH AND RESTRICTED CASH, June 30, 2010	\$ 103,431	\$ 208,607	\$ 2,597	\$ 314,635
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Income (loss) from operations	\$ (236,459)	\$ 9,498	\$ 80	\$ (226,881)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,361	994	-	2,355
Change in Assets and Liabilities:				
Increase in accounts payable	-	5,333	-	5,333
Increase in accrued salaries	612	2,001	-	2,613
Increase in compensated absences	4,441	1,928	-	6,369
Increase in unearned revenue	645	42,095	-	42,740
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (229,400)	\$ 61,849	\$ 80	\$ (167,471)

See accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSIONNOTES TO BASIC FINANCIAL STATEMENTSJUNE 30, 2010NOTE A - DESCRIPTION OF ENTITY

Reporting Entity Organization-A Component Unit – The Hardin County Planning and Development Commission (a component unit of Hardin County Fiscal Court) is a Hardin County Government Agency that enforces regulations involving zoning, subdivision development and local and state building and electrical codes in all areas of unincorporated Hardin County.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESBasis of Accounting

The financial statements of Hardin County Planning and Development Commission, the “Commission,” are prepared in accordance with generally accepted accounting principles (GAAP). The Commission has adopted the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when incurred. The funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The Commission applies all Governmental Accounting Standards Board (GASB) pronouncements and as allowed in Section P80 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, the Commission has elected not to apply to Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Commission Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

The Commission’s three funds are enterprise funds. These funds are the 1) Planning and Development Commission Fund, 2) Kentucky Building Code Fund and 3) Historical Projects Fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Commission’s enterprise funds are charged to customers for goods or services. Operating expenses for enterprise funds include the cost of goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash reported on the statement of cash flows includes checking accounts and money market funds of the Commission.

(Continued next page)

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

These assets are stated at cost. Depreciable assets are depreciated over their estimated useful lives by the straight-line method. Estimated useful lives are as follows:

Equipment and vehicles	5-15 years
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Equity Classifications

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted 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.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) 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.”

Budget

The Hardin County Planning and Development Commission budget is adopted on a cash basis of accounting according to the laws of Kentucky as required by the State Local Finance Officer. The budget is prepared by fund and is required to be adopted by July 1.

Estimates and Assumptions

The preparation of financial statements in conformity with 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.

(Continued next page)

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSIONNOTES TO BASIC FINANCIAL STATEMENTSJUNE 30, 2010NOTE C - DEPOSITS

It is the Commission's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned or that the Commission will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2010, none of the Commission's bank balance of \$469,560 was exposed to custodial credit risk.

NOTE D - CAPITAL ASSETS

Capital asset activity during the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets:				
Equipment	\$ 24,746	\$ 11,776	\$ (11,326)	\$ 25,196
Vehicles	20,939	-	-	20,939
Totals at historical cost	<u>45,685</u>	<u>11,776</u>	<u>(11,326)</u>	<u>46,135</u>
Less accumulated depreciation for:				
Equipment	(24,746)	(2,355)	11,326	(15,775)
Vehicles	<u>(20,939)</u>	-	-	<u>(20,939)</u>
Total accumulated depreciation	<u>(45,685)</u>	<u>(2,355)</u>	<u>11,326</u>	<u>(36,714)</u>
Capital assets - net	<u>\$ -</u>	<u>\$ 9,421</u>	<u>\$ -</u>	<u>\$ 9,421</u>

(Continued next page)

HARDIN COUNTY PLANNING AND DEVELOPMENT COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

(CONCLUDED)

NOTE E - INSURANCE AND RELATED ACTIVITIES

The Commission is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance.

NOTE F - COMPENSATED ABSENCES

The Commission records a liability for vacation and compensatory time based on hours earned. The balance at July 1, 2009, was \$15,505. Decreases during the year were \$15,505 and increases were \$21,874 for a balance at June 30, 2010, of \$21,874.

NOTE G - RETIREMENT PLAN

The Commission participates in two defined benefit plans. Employees may defer a portion of their salary into either a 401(k) plan or a 457 plan with Kentucky Public Employee's Deferred Compensation Authority. The Commission makes employer contributions to the 401(k) plan at a minimum rate of 23.57% per employee. Additional amounts are contributed for employees who do not participate in the employer provided insurance plan. The Commission's contributions for the years ended June 30, 2010, 2009, and 2008 were \$70,097, \$69,997, and \$80,947 which consisted of \$63,617, \$63,756, and \$74,811 from the Commission and \$6,480, \$6,241, and \$6,136 from the employees. Payroll for plan employees was \$262,713, \$280,896, and \$286,061. The Commission contributed the scheduled amount for the years ended June 30, 2010, 2009, and 2008.

NOTE H - INTERFUND TRANSFERS

Transfers were made from the Planning and Development Commission Fund to the Kentucky Building Fund to supplement operations in the amount of \$1,600.

	Planning and Development Commission Fund	Kentucky Building Code Fund
	<u> </u>	<u> </u>
Transfers In	\$ -	\$ 1,600
Transfers Out	(1,600)	-
	<u>\$ (1,600)</u>	<u>\$ 1,600</u>

INTERNAL CONTROL AND FISCAL COMPLIANCE

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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

Hardin County Planning and Development Commission
Elizabethtown, Kentucky

We have audited the financial statements of the Hardin County Planning and Development Commission as of and for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. 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 Hardin County Planning and Development Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

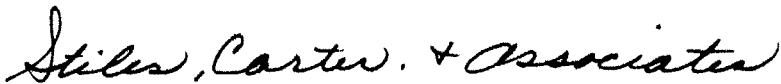
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Hardin County Planning and Development Commission'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 solely intended for the information of the Hardin County Planning and Development Commission, Hardin County Fiscal Court and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Stiles, Carter, & Associates".

Certified Public Accountants
December 7, 2010

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Hardin County Planning and Development Commission
Elizabethtown, Kentucky

We have audited the financial statements of the business-type activities of Hardin County Planning and Development Commission (the "Commission") for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. 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 letter to you dated November 1, 2010. 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 Hardin County Planning and Development Commission are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant 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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. There have been no disagreements during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 7, 2010.

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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is solely intended for the information of the management of Hardin County Planning and Development Commission, Hardin County Fiscal Court and is not intended to be and should not be used by anyone other than these specified parties.

Stiles, Carter + Associates

Certified Public Accountants
December 7, 2010