

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

**For The Fiscal Year Ended
June 30, 2015**



**MIKE HARMON
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EXECUTIVE SUMMARY

AUDIT OF THE
WAYNE COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Wayne County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Wayne County Fiscal Court.

Financial Condition:

The Wayne County Fiscal Court had total receipts of \$11,230,119 and disbursements of \$10,194,622 in fiscal year 2015. This resulted in a total ending fund balance of \$3,404,001, which is an increase of \$1,035,497 from the prior year.

Deposits:

The fiscal court deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable Mike Anderson, Wayne County Judge/Executive
Members of the Wayne County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Wayne County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Wayne County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1 of the financial statement, the financial statement is prepared by Wayne County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Wayne County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of Wayne County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Wayne County Fiscal Court. The budgetary comparison schedules and capital asset schedule, are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016 on our consideration of Wayne County Fiscal Court'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* in considering Wayne County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

June 16, 2016

WAYNE COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

Mike Anderson	County Judge/Executive
Ronnie Turner	Magistrate
Jeffrey Dishman	Magistrate
Dale Vaughn	Magistrate
Troy Neal	Magistrate

Other Elected Officials:

Thomas G. Simmons	County Attorney
Harvey Shearer	Jailer
Josephine Gregory	County Clerk
Patricia Lay	Circuit Court Clerk
Tim Catron	Sheriff
Bobby Upchurch	Property Valuation Administrator
Forrest Hicks	Coroner

Appointed Personnel:

Hank Bassett	Deputy County Judge/Executive
Barbara Gehring	County Treasurer
Peggy Baker	Finance Officer
Nancy Allen	Occupational Tax Collector
William Carroll	Road Supervisor
Marcia Phillips	Jail Administrator

**WAYNE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2015

WAYNE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 3,349,332	\$ 2,500	\$	\$
In Lieu Tax Payments	670,793			
Excess Fees	105,067			
Licenses and Permits	33,561			
Intergovernmental	502,973	2,258,608	1,675,064	23,542
Charges for Services	969,596		10,848	
Miscellaneous	369,333	4,538	61,337	1,016
Interest	8,640	7,830	19	1
Total Receipts	<u>6,009,295</u>	<u>2,273,476</u>	<u>1,747,268</u>	<u>24,559</u>
DISBURSEMENTS				
General Government	1,092,535			40,784
Protection to Persons and Property	1,524,253		1,368,944	
General Health and Sanitation	387,408			
Social Services	34,638			
Recreation and Culture	94,915			
Roads		1,858,979		
Airports	41,099			
Transportation Facilities and Services		25,850		
Debt Service	31,057	56,030		
Administration	1,635,051	176,536	311,668	23,627
Total Disbursements	<u>4,840,956</u>	<u>2,117,395</u>	<u>1,680,612</u>	<u>64,411</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,168,339</u>	<u>156,081</u>	<u>66,656</u>	<u>(39,852)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	7,633		270,000	43,500
Transfers To Other Funds	(322,803)		(310,900)	
Total Other Adjustments to Cash (Uses)	<u>(315,170)</u>		<u>(40,900)</u>	<u>43,500</u>
Net Change in Fund Balance	853,169	156,081	25,756	3,648
Fund Balance - Beginning (Restated)	1,244,671	888,708	169,845	2,365
Fund Balance - Ending	<u>\$ 2,097,840</u>	<u>\$ 1,044,789</u>	<u>\$ 195,601</u>	<u>\$ 6,013</u>
Composition of Fund Balance				
Bank Balance	\$ 2,109,297	\$ 1,045,291	\$ 198,917	\$ 6,034
Plus: Deposits In Transit				
Less: Outstanding Checks	(11,457)	(502)	(3,316)	(21)
Fund Balance - Ending	<u>\$ 2,097,840</u>	<u>\$ 1,044,789</u>	<u>\$ 195,601</u>	<u>\$ 6,013</u>

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

WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND BALANCES - REGULATORY BASIS
 For The Year Ended June 30, 2015
 (Continued)

Budgeted Funds				Unbudgeted Funds		
Homeland Security Fund	Emergency Management Fund	Timberland Tax Fund	Community Development Block Grant Fund	Justice Center Bond Fund	Dentention Center Bond Fund	Jail Commissary Fund
\$	\$	\$ 3,259	\$	\$	\$	\$
7,633	13,176		330,803	589,025		8,655
						222,967
		2		1		
<u>7,633</u>	<u>13,176</u>	<u>3,261</u>	<u>330,803</u>	<u>589,026</u>		<u>231,622</u>
	17,535	4,185		2,000		
						238,750
		49	330,804	587,025	310,900	
	<u>17,535</u>	<u>4,234</u>	<u>330,804</u>	<u>589,025</u>	<u>310,900</u>	<u>238,750</u>
<u>7,633</u>	<u>(4,359)</u>	<u>(973)</u>	<u>(1)</u>	<u>1</u>	<u>(310,900)</u>	<u>(7,128)</u>
	9,303				310,900	
<u>(7,633)</u>	<u>9,303</u>				<u>310,900</u>	
	4,944	(973)	(1)	1		(7,128)
12	3,439	2,298	1	3,068	1	54,096
<u>\$ 12</u>	<u>\$ 8,383</u>	<u>\$ 1,325</u>	<u>\$ 0</u>	<u>\$ 3,069</u>	<u>\$ 1</u>	<u>\$ 46,968</u>
\$ 12	\$ 8,383	\$ 1,325	\$	\$ 3,069	\$ 1	\$ 46,962
						4,401
						(4,395)
<u>\$ 12</u>	<u>\$ 8,383</u>	<u>\$ 1,325</u>	<u>\$ 0</u>	<u>\$ 3,069</u>	<u>\$ 1</u>	<u>\$ 46,968</u>

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

WAYNE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

	Total Funds
RECEIPTS	
Taxes	\$ 3,355,091
In Lieu Tax Payments	670,793
Excess Fees	105,067
Licenses and Permits	33,561
Intergovernmental	5,409,479
Charges for Services	1,203,411
Miscellaneous	436,224
Interest	16,493
Total Receipts	<u>11,230,119</u>
DISBURSEMENTS	
General Government	1,135,319
Protection to Persons and Property	2,914,917
General Health and Sanitation	387,408
Social Services	34,638
Recreation and Culture	333,665
Roads	1,858,979
Airports	41,099
Other Transportation Facilities and Services	25,850
Debt Service	985,012
Administration	2,477,735
Total Disbursements	<u>10,194,622</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,035,497</u>
Other Adjustments to Cash (Uses)	
Transfers From Other Funds	641,336
Transfers To Other Funds	<u>(641,336)</u>
Total Other Adjustments to Cash (Uses)	<u></u>
Net Change in Fund Balance	1,035,497
Fund Balance - Beginning (Restated)	<u>2,368,504</u>
Fund Balance - Ending	<u>\$ 3,404,001</u>
Composition of Fund Balance	
Bank Balance	\$ 3,419,291
Plus: Deposits In Transit	4,401
Less: Outstanding Checks	<u>(19,691)</u>
Ending Fund Balance	<u>\$ 3,404,001</u>

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

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TO THE FINANCIAL STATEMENT**

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WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Wayne County includes all budgeted and unbudgeted funds under the control of the Wayne County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The following entity: Wayne County Airport Board would have been included in the reporting entity under accounting principles generally accepted in the United State of America (GAAP) as established by the Government Accounting Standards Board. However under the regulatory basis they are no longer are required components of the reporting entity.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Homeland Security Fund - The primary purpose of this fund is to account for some emergency equipment expense of the county. The primary source of receipts for this fund is federal and state grants.

Emergency Management Fund - The primary purpose of this fund is to account for emergency management personnel and expenses of the county. The primary source of receipts for this fund is a federal reimbursement grant. The Emergency Management (EMA) Program is a program with 50% federal reimbursement of local funds to support local emergency preparedness activities.

Timberland Tax Fund - This fund is used to account for taxes collected for protection of forest lands.

Community Development Block Grant Fund - This fund is used to account for community development block grant expenses. The source of receipts is grants from the federal government.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Justice Center Bond Fund - This fund accounts for the funds used for construction of a new Justice Center and is part of the Public Properties Corporation, a blended component unit of the county. The Public Properties Corporation issued debt to build the Justice Center and has entered into a contract, lease, and option with Fiscal Court and the Administrative Office of The Courts (AOC), Commonwealth of Kentucky. The Department for Local Government does not require fiscal court to report or budget this fund.

Detention Center Bond Fund - This fund accounts for the accumulation of resources for the payment of long-term debt principal and interest for the Wayne County Detention Center. The purpose of this fund is to account for debt service requirements of the general obligation refunding bonds, Series 2006. The Wayne County Fiscal Court budgeted the debt service payments in their Jail Fund for fiscal year 2015. For reporting purposes this payment has been reclassified as a transfer out of the Jail Fund to the Detention Center Bond Fund.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

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

The State Local Finance Officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The State Local Finance Officer does not require the Justice Center Bond Fund or the Detention Center Bond Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Wayne County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Wayne County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Wayne County Fiscal Court.

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

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Jail Fund	Homeland Security Fund	Total Transfers In
General Fund	\$	\$	\$ 7,633	\$ 7,633
Jail Fund	270,000			270,000
LGEA Fund	43,500			43,500
Emergency Management Fund	9,303			9,303
Detention Center Bond Fund		310,900		310,900
Total Transfers Out	<u>\$ 322,803</u>	<u>\$ 310,900</u>	<u>\$ 7,633</u>	<u>\$ 641,336</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Long-term Debt

A. Justice Center – Series 2012 First Mortgage Refunding Revenue Bonds

On March 6, 2012, the Public Properties Corporation issued \$5,465,000 of First Mortgage Refunding Revenue Bonds, to pay off the 2003 and 2005 Series Bonds which were originally issued for construction of the Wayne County Judicial Center. The bonds mature serially through September 1, 2023 and require annual principal payments on September 1 and semi-annual interest payments at various interest rates on March 1 and September 1 of each year. Bonds outstanding as of June 30, 2015 were \$4,640,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2016	\$ 465,000	\$ 119,775
2017	480,000	110,325
2018	485,000	100,675
2019	495,000	89,638
2020	510,000	73,800
2021-2024	<u>2,205,000</u>	<u>134,775</u>
Total	<u>\$ 4,640,000</u>	<u>\$ 628,988</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Long-term Debt (Continued)

B. Detention Center – Series 2006 Refunding Bonds

On March 1, 2006 the Wayne County Fiscal Court issued \$4,135,000 of General Obligation Refunding Bonds, Series 2006, for the Wayne County Detention Center Project. The bonds mature serially through November 1 2024 and require annual principal payments on November 1 and semi-annual interest payments at 4.0% interest rate on May 1 and November 1 of each year. Bonds outstanding as of June 30, 2015 were \$2,545,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2016	\$ 215,000	\$ 97,500
2017	220,000	88,800
2018	230,000	79,800
2019	235,000	70,500
2020	245,000	60,900
2021-2025	1,400,000	144,000
Total	<u>\$ 2,545,000</u>	<u>\$ 541,500</u>

C. Cable System Loan/Notes Receivable

On August 12, 2004, the Wayne County Fiscal Court passed and adopted a resolution authorizing the county to enter into a joint venture with the City of Monticello for the purchase and improvement of a cable television system. Financing of the county's portion of the project is provided through a certain lease agreement between the Kentucky League of Cities Leasing Trust ("the Lessor") and the County ("the Lessee") at an aggregate principal amount not to exceed \$2,300,000. Terms of the agreement stipulate a twenty-year repayment schedule beginning December 2004, with interest of 2.23%. The annual debt service is to be paid from the cable service fees collected. The principal balance as of June 30, 2015 is \$1,249,796. Future principal and interest service requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2016	\$ 116,718	\$ 38,151
2017	120,332	34,383
2018	123,909	30,635
2019	127,644	26,727
2020	131,452	22,742
2021-2025	629,741	49,041
Total	<u>\$ 1,249,796</u>	<u>\$ 201,679</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Long-term Debt (Continued)

C. Cable System Loan/Notes Receivable (Continued)

The county has also recorded a note receivable due from the City of Monticello for the amount of debt incurred by the county as follows:

Current Portion	\$ 116,718
Long-Term Portion	<u>1,133,078</u>
Total	<u>\$ 1,249,796</u>

D. John Deere Grader

On March 17, 2008 the Wayne County Fiscal Court entered into a \$160,514 agreement with Monticello Banking Company for the acquisition of a John Deere Grader. Terms of the agreement stipulate a ten-year repayment schedule, with a 3.96% fixed interest rate and monthly principal and interest payments ending on January 17, 2018. The principal balance as of June 30, 2015 is \$47,383. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2016	\$ 17,682	\$ 1,403
2017	18,330	755
2018	<u>11,371</u>	<u>117</u>
Total	<u>\$ 47,383</u>	<u>\$ 2,275</u>

E. Fire Truck

On February 12, 2013, the Wayne County Fiscal Court entered into a \$190,750 agreement with the Kentucky Association of Counties Leasing Trust Program to finance the purchase of a fire truck. Terms of the agreement stipulate an eighty-four month repayment schedule, with a fixed interest rate of 3.419% ending on February 20, 2020. The principal balance as of June 30, 2015 is \$131,173. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2016	\$ 26,775	\$ 4,071
2017	27,485	3,143
2018	28,215	2,191
2019	28,963	1,214
2020	<u>19,735</u>	<u>254</u>
Total	<u>\$ 131,173</u>	<u>\$ 10,873</u>

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Long-term Debt (Continued)

F. Tractors

On April 23, 2012, the Wayne County Fiscal Court entered into a \$125,216 agreement with the Kentucky Association of Counties Leasing Trust Program to finance the purchase of tractors. Terms of the agreement stipulate a thirty-six month repayment schedule, with a variable interest rate ending on April 20, 2015. The agreement was paid off in fiscal year 2015.

G. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 7,850,000	\$	\$ 665,000	\$ 7,185,000	\$ 680,000
Financing Obligations	1,621,105		192,711	1,428,394	161,175
Total Long-term Debt	<u>\$ 9,471,105</u>	<u>\$</u>	<u>\$ 857,711</u>	<u>\$ 8,613,394</u>	<u>\$ 841,175</u>

Note 5. Employee Retirement System

A. Plan Description

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Employee Retirement System (Continued)

A. Plan Description (Continued)

The county's contribution for FY 2013 was \$635,120, FY 2014 was \$609,994, and FY 2015 was \$565,130.

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

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Kentucky Retirement Systems issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

B. Net Pension Liability

As promulgated by GASB Statement No. 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014, measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Employee Retirement System (Continued)

B. Net Pension Liability (Continued)

Based on these requirements, Wayne County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Non-Hazardous	\$ 5,071,000	\$ 4,482,000
Totals	<u>\$ 5,071,000</u>	<u>\$ 4,482,000</u>

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

Note 6. Deferred Compensation

On February 24, 2000, the Wayne County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Insurance

For the fiscal year ended June 30, 2015, Wayne County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 8. Prior Period Adjustments

The beginning balances for the General Fund and Jail Commissary Fund were increased \$70 and \$137 respectively due to prior year voided checks.

Note 9. Subsequent Event

On August 12, 2015, the Wayne County Fiscal Court entered into a \$2,615,000 General Obligation Lease with Capital One Public Funding LLC for the purpose of financing the current General Obligation Refunding Bonds, Series 2006 dated March 1, 2006 for the Wayne County Detention Center Project.

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WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,959,000	\$ 3,311,437	\$ 3,349,332	\$ 37,895
In Lieu Tax Payments	438,000	438,492	670,793	232,301
Excess Fees	62,150	105,066	105,067	1
Licenses and Permits	33,622	33,737	33,561	(176)
Intergovernmental	265,672	428,804	502,973	74,169
Charges for Services	1,005,000	995,780	969,596	(26,184)
Miscellaneous	110,450	155,908	369,333	213,425
Interest	5,800	5,800	8,640	2,840
Total Receipts	<u>4,879,694</u>	<u>5,475,024</u>	<u>6,009,295</u>	<u>534,271</u>
DISBURSEMENTS				
General Government	1,224,037	1,330,368	1,092,535	237,833
Protection to Persons and Property	1,624,769	1,833,769	1,524,253	309,516
General Health and Sanitation	290,751	460,647	387,408	73,239
Social Services	39,067	41,767	34,638	7,129
Recreation and Culture	97,600	98,400	94,915	3,485
Airport	32,000	42,500	41,099	1,401
Debt Service	31,058	31,058	31,057	1
Administration	1,797,393	2,301,506	1,635,051	666,455
Total Disbursements	<u>5,136,675</u>	<u>6,140,015</u>	<u>4,840,956</u>	<u>1,299,059</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(256,981)</u>	<u>(664,991)</u>	<u>1,168,339</u>	<u>1,833,330</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		7,633	7,633	
Transfers To Other Funds	(593,069)	(587,312)	(322,803)	264,509
Total Other Adjustments to Cash (Uses)	<u>(593,069)</u>	<u>(579,679)</u>	<u>(315,170)</u>	<u>264,509</u>
Net Change in Fund Balance	(850,050)	(1,244,670)	853,169	2,097,839
Fund Balance Beginning (Restated)	850,050	1,244,670	1,244,671	1
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 2,097,840</u>	<u>\$ 2,097,840</u>

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 3,155	\$ 251	\$ 2,500	\$ 2,249
Intergovernmental	1,873,167	2,201,386	2,258,608	57,222
Miscellaneous	5,844	4,844	4,538	(306)
Interest	5,450	5,450	7,830	2,380
Total Receipts	<u>1,887,616</u>	<u>2,211,931</u>	<u>2,273,476</u>	<u>61,545</u>
DISBURSEMENTS				
Transportation Facilities and Services	20,600	28,350	25,850	2,500
Roads	1,957,122	2,200,647	1,858,979	341,668
Debt Service	56,030	56,040	56,030	10
Administration	243,988	815,602	176,536	639,066
Total Disbursements	<u>2,277,740</u>	<u>3,100,639</u>	<u>2,117,395</u>	<u>983,244</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(390,124)</u>	<u>(888,708)</u>	<u>156,081</u>	<u>1,044,789</u>
Net Change in Fund Balance	(390,124)	(888,708)	156,081	1,044,789
Fund Balance Beginning	<u>390,124</u>	<u>888,708</u>	<u>888,708</u>	<u> </u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 1,044,789</u>	<u>\$ 1,044,789</u>

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,410,775	\$ 1,478,332	\$ 1,675,064	\$ 196,732
Charges for Services	5,600	8,366	10,848	2,482
Miscellaneous	17,750	58,034	61,337	3,303
Interest	10	10	19	9
Total Receipts	<u>1,434,135</u>	<u>1,544,742</u>	<u>1,747,268</u>	<u>202,526</u>
DISBURSEMENTS				
Protection to Persons and Property	1,362,275	1,507,275	1,368,944	138,331
Debt Service	311,900	311,900		311,900
Administration	378,617	429,412	311,668	117,744
Total Disbursements	<u>2,052,792</u>	<u>2,248,587</u>	<u>1,680,612</u>	<u>567,975</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(618,657)</u>	<u>(703,845)</u>	<u>66,656</u>	<u>770,501</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	549,482	533,991	270,000	(263,991)
Transfers To Other Funds			(310,900)	(310,900)
Total Other Adjustments to Cash (Uses)	<u>549,482</u>	<u>533,991</u>	<u>(40,900)</u>	<u>(574,891)</u>
Net Change in Fund Balance	(69,175)	(169,854)	25,756	195,610
Fund Balance Beginning	69,175	169,854	169,845	(9)
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 195,601</u>	<u>\$ 195,601</u>

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 26,000	\$ 23,000	\$ 23,542	\$ 542
Miscellaneous	1,212	1,212	1,016	(196)
Interest	1	1	1	
Total Receipts	27,213	24,213	24,559	346
DISBURSEMENTS				
General Government	42,588	42,688	40,784	1,904
Administration	25,983	27,908	23,627	4,281
Total Disbursements	68,571	70,596	64,411	6,185
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(41,358)	(46,383)	(39,852)	6,531
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	41,018	44,018	43,500	(518)
Total Other Adjustments to Cash (Uses)	41,018	44,018	43,500	(518)
Net Change in Fund Balance	(340)	(2,365)	3,648	6,013
Fund Balance Beginning	340	2,365	2,365	
Fund Balance - Ending	\$	\$	\$ 6,013	\$ 6,013

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

HOMELAND SECURITY FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 7,633	\$ 7,633	\$
Total Receipts		7,633	7,633	
DISBURSEMENTS				
Protection to Persons and Property	12	12		12
Total Disbursements	12	12		12
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(12)	7,621	7,633	12
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		(7,633)	(7,633)	
Total Other Adjustments to Cash (Uses)		(7,633)	(7,633)	
Net Change in Fund Balance	(12)	(12)		12
Fund Balance Beginning	12	12	12	
Fund Balance - Ending	\$	\$	\$ 12	\$ 12

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

EMERGENCY MANAGEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 13,175	\$ 13,176	\$ 1
Interest	1	1		(1)
Total Receipts	<u>10,001</u>	<u>13,176</u>	<u>13,176</u>	
DISBURSEMENTS				
Protection to Persons and Property	13,446	19,759	17,535	2,224
Administration	200	6,159		6,159
Total Disbursements	<u>13,646</u>	<u>25,918</u>	<u>17,535</u>	<u>8,383</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,645)</u>	<u>(12,742)</u>	<u>(4,359)</u>	<u>8,383</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,569</u>	<u>9,303</u>	<u>9,303</u>	
Total Other Adjustments to Cash (Uses)	<u>2,569</u>	<u>9,303</u>	<u>9,303</u>	
Net Change in Fund Balance	(1,076)	(3,439)	4,944	8,383
Fund Balance Beginning	<u>1,076</u>	<u>3,439</u>	<u>3,439</u>	
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 8,383</u>	<u>\$ 8,383</u>

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

TIMBERLAND TAX FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 3,300	\$ 3,300	\$ 3,259	\$ (41)
Interest	3	3	2	(1)
Total Receipts	<u>3,303</u>	<u>3,303</u>	<u>3,261</u>	<u>(42)</u>
DISBURSEMENTS				
Protection to Persons and Property	4,500	4,500	4,185	315
Administration	1,103	1,103	49	1,054
Total Disbursements	<u>5,603</u>	<u>5,603</u>	<u>4,234</u>	<u>1,369</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,300)</u>	<u>(2,300)</u>	<u>(973)</u>	<u>1,327</u>
Net Change in Fund Balance	(2,300)	(2,300)	(973)	1,327
Fund Balance Beginning	<u>2,300</u>	<u>2,300</u>	<u>2,298</u>	<u>(2)</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 1,325</u>	<u>\$ 1,325</u>

WAYNE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 360,803	\$ 330,803	\$ (30,000)
Total Receipts		360,803	330,803	(30,000)
DISBURSEMENTS				
Administration		360,804	330,804	30,000
Total Disbursements		360,804	330,804	30,000
Net Change in Fund Balance		(1)	(1)	
Fund Balance Beginning		1	1	
Fund Balance - Ending	\$	\$	\$ 0	\$ 0

WAYNE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

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

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**WAYNE COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015**

WAYNE COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 936,035	\$	\$	\$ 936,035
Buildings	12,716,095			12,716,095
Vehicles	2,563,816	51,555	80,100	2,535,271
Other Equipment	1,976,472	119,346	16,465	2,079,353
Infrastructure	7,835,249	907,317		8,742,566
Total Capital Assets	<u>\$ 26,027,667</u>	<u>\$ 1,078,218</u>	<u>\$ 96,565</u>	<u>\$27,009,320</u>

WAYNE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2015

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	25,000	10-75
Equipment	2,500	4-25
Vehicles	2,500	4-25
Infrastructure	20,000	10-50

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Mike Anderson, Wayne County Judge/Executive
Members of the Wayne County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Wayne County Fiscal Court for the fiscal year ended June 30, 2015 and the related notes to the financial statement which collectively comprise the Wayne County Fiscal Court's financial statement and have issued our report thereon dated June 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Wayne County Fiscal Court's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Wayne County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Fiscal Court'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Wayne County Fiscal Court's financial statement is 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*.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

June 16, 2016

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

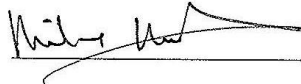
WAYNE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2015**

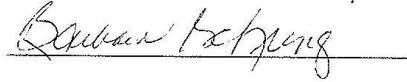
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
WAYNE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

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



County Judge/Executive



County Treasurer

