

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

**For The Fiscal Year Ended  
June 30, 2016**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS**

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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, Hancock County Judge/Executive  
Members of the Hancock County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statement of Wayne County, Kentucky, for the year ended June 30, 2016.

We engaged Tichenor & Associates, LLP to perform the audit of this financial statement. We worked closely with the firm during our report review process; Tichenor & Associates, LLP evaluated the Wayne County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts

Enclosure





**EXECUTIVE SUMMARY**

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

**June 30, 2016**

Tichenor & Associates, LLP has completed the audit of the Wayne County Fiscal Court for the fiscal year ended June 30, 2016.

They have issued an unmodified opinion, based on their audit, of 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 \$10,763,779 and disbursements of \$10,903,601 in fiscal year 2016. This resulted in a total ending fund balance of \$3,287,603, which is a decrease of \$120,722 from the prior year.

**Deposits:**

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



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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 the Wayne County Fiscal Court, for the year ended June 30, 2016 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.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the 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 the Wayne County Fiscal Court as of June 30, 2016, 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 the Wayne County Fiscal Court as of June 30, 2016, 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 the 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017 on our consideration of the 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 the Wayne County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

March 17, 2017

WAYNE COUNTY OFFICIALS

For the Year Ended June 30, 2016

**Fiscal Court Members:**

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

**Other Elected Officials:**

Thomas 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, 2016**

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

**For the Year Ended June 30, 2016**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 3,473,691	\$	\$	\$
In Lieu Tax Payments	192,747	2,283		
Excess Fees	109,659			
Licenses and Permits	33,974			
Intergovernmental	582,353	2,166,075	1,896,189	34,161
Charges for Services	959,568		18,469	
Miscellaneous	254,898	5,612	36,826	1,051
Interest	10,761	7,816	28	1
Total Receipts	<u>5,617,651</u>	<u>2,181,786</u>	<u>1,951,512</u>	<u>35,213</u>
<b>DISBURSEMENTS</b>				
General Government	1,281,236			42,777
Protection to Persons and Property	1,865,417		1,418,125	
General Health and Sanitation	528,634			
Social Services	58,036			
Recreation and Culture	141,108			
Transportation Facility and Services		30,371		
Roads		2,092,058		
Airports	33,778			
Debt Service	39,595	19,085		
Administration	1,638,462	188,374	286,927	22,627
Total Disbursements	<u>5,586,266</u>	<u>2,329,888</u>	<u>1,705,052</u>	<u>65,404</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>31,385</u>	<u>(148,102)</u>	<u>246,460</u>	<u>(30,191)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds				
Bond Payoff				
Transfers From Other Funds		62,208	235,000	32,000
Transfers To Other Funds	(329,208)		(293,487)	
Total Other Adjustments to Cash (Uses)	<u>(329,208)</u>	<u>62,208</u>	<u>(58,487)</u>	<u>32,000</u>
Net Change in Fund Balance	(297,823)	(85,894)	187,973	1,809
Fund Balance - Beginning (Restated)	2,100,814	1,045,094	196,148	6,013
Fund Balance - Ending	<u>\$ 1,802,991</u>	<u>\$ 959,200</u>	<u>\$ 384,121</u>	<u>\$ 7,822</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1,873,549	\$ 968,057	\$ 399,230	\$ 9,760
Less: Outstanding Checks	(70,558)	(8,857)	(15,109)	(1,938)
Fund Balance - Ending	<u>\$ 1,802,991</u>	<u>\$ 959,200</u>	<u>\$ 384,121</u>	<u>\$ 7,822</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, 2016  
 (Continued)

Budgeted Funds				Unbudgeted Funds		
Emergency Management Fund	Timberland Tax Fund	Homeland Security Fund	Community Development Block Grant Fund	Justice Center Bond Trust Fund	Detention Center Bond Fund	Jail Commissary Fund
\$	\$ 4,944	\$	\$	\$	\$	\$
13,976			30,000	584,775		8,236
						335,678
<u>1</u>	<u>2</u>			<u>5</u>		
<u>13,977</u>	<u>4,946</u>		<u>30,000</u>	<u>584,780</u>		<u>343,914</u>
11,316	4,185			2,000		
						274,128
				582,775	293,487	
			30,000		19,100	
<u>11,316</u>	<u>4,185</u>		<u>30,000</u>	<u>584,775</u>	<u>312,587</u>	<u>274,128</u>
<u>2,661</u>	<u>761</u>			<u>5</u>	<u>(312,587)</u>	<u>69,786</u>
					2,615,000	
					(2,595,900)	
					293,487	
					312,587	
2,661	761			5		69,786
8,383	1,325	12	0	3,069	1	47,466
<u>\$ 11,044</u>	<u>\$ 2,086</u>	<u>\$ 12</u>	<u>\$ 0</u>	<u>\$ 3,074</u>	<u>\$ 1</u>	<u>\$ 117,252</u>
\$ 11,044	\$ 2,086	\$ 12	\$	\$ 3,074	\$ 1	\$ 118,954
						(1,702)
<u>\$ 11,044</u>	<u>\$ 2,086</u>	<u>\$ 12</u>	<u>\$ 0</u>	<u>\$ 3,074</u>	<u>\$ 1</u>	<u>\$ 117,252</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, 2016  
 (Continued)

<u>Total Funds</u>
\$ 3,478,635
195,030
109,659
33,974
5,315,765
1,313,715
298,387
18,614
<u>10,763,779</u>
1,337,329
3,287,727
528,634
58,036
415,236
30,371
2,092,058
33,778
934,942
<u>2,185,490</u>
<u>10,903,601</u>
<u>(139,822)</u>
2,615,000
(2,595,900)
622,695
<u>(622,695)</u>
<u>19,100</u>
(120,722)
<u>3,408,325</u>
<u>\$ 3,287,603</u>
\$ 3,385,767
<u>(98,164)</u>
<u>\$ 3,287,603</u>



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TO THE FINANCIAL STATEMENT**

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**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2016**

**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.

Wayne County Airport Board would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis they are no longer 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 Governmental 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, 2016**  
**(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.

Emergency Management Fund - The primary purpose of this fund is to account for emergency management personnel and expenses for 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 percent 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.

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

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 Trust 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 the fiscal court and the Administrative Office of the Courts (AOC), Commonwealth of Kentucky. The Department for Local Government does not require the 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.

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(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). The profits generated from the sale of 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 Governmental 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 Trust Fund or the Detention Center Bond Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually.

**E. Wayne County Elected Officials**

Kentucky law provides for election of the officials listed 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 the Wayne County Fiscal Court.

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

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(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.

KRS 66.480 authorizes the county to invest in 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, 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 66.480(1)(d) and KRS 41.240. As of June 30, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2016.

	General Fund	Jail Fund	Total Transfers In
Road Fund	\$ 62,208	\$	\$ 62,208
Jail Fund	235,000		235,000
LGEA Fund	32,000		32,000
Detention Center Bond Fund		293,487	293,487
Total Transfers Out	<u>\$ 329,208</u>	<u>\$ 293,487</u>	<u>\$ 622,695</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 each year. Bonds outstanding as of June 30, 2016, total \$4,175,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 480,000	\$ 110,325
2018	485,000	100,675
2019	495,000	89,638
2020	510,000	73,800
2021	525,000	58,275
2022-2024	<u>1,680,000</u>	<u>76,500</u>
Totals	<u>\$ 4,175,000</u>	<u>\$ 509,213</u>

**B. Detention Center - Series 2015 General Obligation Lease**

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. Principal payments are due annually on November 1 and semi-annual interest payments at 2.5 percent are due on November 1 and May 1 each year. The principal balance as of June 30, 2016, is \$2,365,427. Future principal and interest service requirements are:

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**B. Detention Center - Series 2015 General Obligation Lease (Continued)**

Fiscal Year Ending June 30	Principal	Interest
2017	\$ 237,318	\$ 56,169
2018	243,326	50,161
2019	249,486	44,001
2020	255,802	37,685
2021	262,279	31,209
2022-2025	<u>1,117,216</u>	<u>56,734</u>
Totals	<u>\$ 2,365,427</u>	<u>\$ 275,959</u>

**C. 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 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 percent interest rate on May 1 and November 1 each year. Wayne County Fiscal Court paid this debt off by refinancing the Series 2006 Refunding Bonds in August 2015 through Capital One Public Funding, LLC. See Note 4.B. above.

**D. 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 and the county at an aggregate principal amount not to exceed \$2,300,000. Terms of the agreement stipulate a 20 year repayment schedule beginning December 2004, with interest of 2.23 percent. The annual debt service is to be paid from the cable service fees collected. The principal balance as of June 30, 2016, is \$1,142,893. Future principal and interest service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 119,781	\$ 34,383
2018	123,597	30,365
2019	127,664	26,727
2020	131,119	22,742
2021	135,128	18,551
2022-2025	<u>505,604</u>	<u>30,489</u>
Totals	<u>\$ 1,142,893</u>	<u>\$ 163,257</u>

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**D. 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	\$	119,781
Long-Term Portion		<u>1,023,112</u>
Total	\$	<u><u>1,142,893</u></u>

**E. 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 percent fixed interest rate and monthly principal and interest payments ending on January 17, 2018. The principal balance as of June 30, 2016, is \$29,330. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2017	\$ 18,330	\$ 755
2018	<u>11,000</u>	<u>139</u>
Totals	<u>\$ 29,330</u>	<u>\$ 894</u>

**F. 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 84 month repayment schedule, with a fixed interest rate of 3.419 percent ending on February 20, 2020. The principal balance as of June 30, 2016, is \$104,398. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2017	\$ 27,485	\$ 3,143
2018	28,215	2,191
2019	28,963	1,214
2020	<u>19,735</u>	<u>254</u>
Totals	<u>\$ 104,398</u>	<u>\$ 6,802</u>



**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**G. Changes in Long-term Debt**

Long-term Debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 7,185,000	\$ 2,615,000	\$3,259,573	\$ 6,540,427	\$ 717,318
Financing Obligations	1,428,393		151,772	1,276,621	165,596
Total Long-term Debt	<u>\$ 8,613,393</u>	<u>\$ 2,615,000</u>	<u>\$ 3,411,345</u>	<u>\$ 7,817,048</u>	<u>\$ 882,914</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 (KRS). This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous duty 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 17.06 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 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.

The county's contribution for FY 2014 was \$609,994, FY 2015 was \$565,130, and FY 2016 was \$583,430.

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.

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 5. Employee Retirement System (Continued)**

**A. Plan Description (Continued)**

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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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.

KRS 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.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov/employers/GASB/Pages/GASB-Library.aspx>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website 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.

**WAYNE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2016**  
**(Continued)**

**Note 6. Deferred Compensation (Continued)**

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 the 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, 2016, the Wayne County Fiscal Court 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 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, road fund, jail fund and jail commissary fund were increased \$2,974, \$305, \$547, and \$498, respectively due to prior year voided checks.

**Note 9. Lease Agreement - Recycling Center**

On October 1, 2015, the Wayne County Fiscal Court (Lessee) entered into a lease agreement with the Monticello-Wayne County Industrial Authority (Lessor) for the purchase of the existing metal frame construction building and land located at 238 Creekview Drive, Monticello for continued use as the Wayne County Recycling Center (property was previously rented for this use). The term of this lease shall be for 15 years. Lessor grants Lessee an option to purchase the within described real estate at any time during the term of this lease for the sum of \$206,500.

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**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For the Year Ended June 30, 2016**



**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For the Year Ended June 30, 2016**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 3,184,000	\$ 3,452,670	\$ 3,473,691	\$ 21,021
In Lieu Tax Payments	438,000	321,850	192,747	(129,103)
Excess Fees	61,670	108,935	109,659	724
Licenses and Permits	33,345	34,079	33,974	(105)
Intergovernmental	438,193	547,535	582,353	34,818
Charges for Services	1,004,000	1,006,500	959,568	(46,932)
Miscellaneous	140,850	246,888	254,898	8,010
Interest	8,900	8,900	10,761	1,861
Total Receipts	<u>5,308,958</u>	<u>5,727,357</u>	<u>5,617,651</u>	<u>(109,706)</u>
<b>DISBURSEMENTS</b>				
General Government	1,438,034	1,495,239	1,281,236	214,003
Protection to Persons and Property	1,865,288	2,094,112	1,865,417	228,695
General Health and Sanitation	438,623	591,190	528,634	62,556
Social Services	41,139	72,189	58,036	14,153
Recreation and Culture	107,700	155,700	141,108	14,592
Airport	45,740	46,240	33,778	12,462
Debt Service	30,846	42,106	39,595	2,511
Administration	1,670,931	2,782,111	1,638,462	1,143,649
Total Disbursements	<u>5,638,301</u>	<u>7,278,887</u>	<u>5,586,266</u>	<u>1,692,621</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(329,343)</u>	<u>(1,551,530)</u>	<u>31,385</u>	<u>1,582,915</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(554,806)</u>	<u>(548,068)</u>	<u>(329,208)</u>	<u>218,860</u>
Total Other Adjustments to Cash (Uses)	<u>(554,806)</u>	<u>(548,068)</u>	<u>(329,208)</u>	<u>218,860</u>
Net Change in Fund Balance	(884,149)	(2,099,598)	(297,823)	1,801,775
Fund Balance - Beginning (Restated)	<u>884,149</u>	<u>2,099,598</u>	<u>2,100,814</u>	<u>1,216</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,802,991</u>	<u>\$ 1,802,991</u>

**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 3,000	\$ 2,284	\$ 2,283	\$ (1)
Intergovernmental	1,454,367	1,996,048	2,166,075	170,027
Miscellaneous	4,000	5,228	5,612	384
Interest	7,450	7,290	7,816	526
Total Receipts	<u>1,468,817</u>	<u>2,010,850</u>	<u>2,181,786</u>	<u>170,936</u>
<b>DISBURSEMENTS</b>				
Transportation Facilities and Service	30,900	41,900	30,371	11,529
Roads	1,437,282	2,239,054	2,092,058	146,996
Debt Service	312,500	260,000	19,085	240,915
Administration	236,748	576,993	188,374	388,619
Total Disbursements	<u>2,017,430</u>	<u>3,117,947</u>	<u>2,329,888</u>	<u>788,059</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(548,613)</u>	<u>(1,107,097)</u>	<u>(148,102)</u>	<u>958,995</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds		62,208	62,208	
Total Other Adjustments to Cash (Uses)		<u>62,208</u>	<u>62,208</u>	
Net Change in Fund Balance	(548,613)	(1,044,889)	(85,894)	958,995
Fund Balance - Beginning (Restated)	<u>548,613</u>	<u>1,044,889</u>	<u>1,045,094</u>	<u>205</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 959,200</u>	<u>\$ 959,200</u>



**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,560,967	\$ 1,729,453	\$ 1,896,189	\$ 166,736
Charges for Services	7,100	13,528	18,469	4,941
Miscellaneous	33,950	33,806	36,826	3,020
Interest	15	15	28	13
Total Receipts	<u>1,602,032</u>	<u>1,776,802</u>	<u>1,951,512</u>	<u>174,710</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,463,784	1,588,189	1,418,125	170,064
Debt Service	313,500	294,488		294,488
Administration	391,772	523,151	286,927	236,224
Total Disbursements	<u>2,169,056</u>	<u>2,405,828</u>	<u>1,705,052</u>	<u>700,776</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(567,024)</u>	<u>(629,026)</u>	<u>246,460</u>	<u>875,486</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	510,367	441,421	235,000	(206,421)
Transfers To Other Funds			(293,487)	(293,487)
Total Other Adjustments to Cash (Uses)	<u>510,367</u>	<u>441,421</u>	<u>(58,487)</u>	<u>(499,908)</u>
Net Change in Fund Balance	(56,657)	(187,605)	187,973	375,578
Fund Balance - Beginning (Restated)	<u>56,657</u>	<u>187,605</u>	<u>196,148</u>	<u>8,543</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 384,121</u>	<u>\$ 384,121</u>

**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 23,000	\$ 34,161	\$ 34,161	\$
Miscellaneous	1,100	1,000	1,051	51
Interest			1	1
Total Receipts	<u>24,100</u>	<u>35,161</u>	<u>35,213</u>	<u>52</u>
<b>DISBURSEMENTS</b>				
General Government	46,035	46,035	42,777	3,258
Administration	24,014	39,587	22,627	16,960
Total Disbursements	<u>70,049</u>	<u>85,622</u>	<u>65,404</u>	<u>20,218</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(45,949)</u>	<u>(50,461)</u>	<u>(30,191)</u>	<u>20,270</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	44,439	44,439	32,000	(12,439)
Total Other Adjustments to Cash (Uses)	<u>44,439</u>	<u>44,439</u>	<u>32,000</u>	<u>(12,439)</u>
Net Change in Fund Balance	(1,510)	(6,022)	1,809	7,831
Fund Balance - Beginning	<u>1,510</u>	<u>6,022</u>	<u>6,013</u>	<u>(9)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,822</u>	<u>\$ 7,822</u>

**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

**EMERGENCY MANAGEMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,500	\$ 10,500	\$ 13,976	\$ 3,476
Interest	1	1	1	
Total Receipts	<u>10,501</u>	<u>10,501</u>	<u>13,977</u>	<u>3,476</u>
<b>DISBURSEMENTS</b>				
General Government	13,230	13,380	11,316	2,064
Administration	4,771	5,504		5,504
Total Disbursements	<u>18,001</u>	<u>18,884</u>	<u>11,316</u>	<u>7,568</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,500)</u>	<u>(8,383)</u>	<u>2,661</u>	<u>11,044</u>
Net Change in Fund Balance	(7,500)	(8,383)	2,661	11,044
Fund Balance - Beginning	<u>7,500</u>	<u>8,383</u>	<u>8,383</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,044</u>	<u>\$ 11,044</u>

**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

<b>TIMBERLAND TAX FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 3,300	\$ 3,300	\$ 4,944	\$ 1,644
Interest	2	2	2	
Total Receipts	<u>3,302</u>	<u>3,302</u>	<u>4,946</u>	<u>1,644</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	4,185	4,185	4,185	
Administration	417	417		417
Total Disbursements	<u>4,602</u>	<u>4,602</u>	<u>4,185</u>	<u>417</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,300)</u>	<u>(1,300)</u>	<u>761</u>	<u>2,061</u>
Net Change in Fund Balance	(1,300)	(1,300)	761	2,061
Fund Balance - Beginning	<u>1,300</u>	<u>1,300</u>	<u>1,325</u>	<u>25</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,086</u>	<u>\$ 2,086</u>

WAYNE COUNTY  
 BUDGETARY COMPARISON SCHEDULES  
 Supplementary Information - Regulatory Basis  
 For the Year Ended June 30, 2016  
 (Continued)

<b>HOMELAND SECURITY FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>DISBURSEMENTS</b>				
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)	(12)		12
Net Change in Fund Balance	(12)	(12)		12
Fund Balance - Beginning	12	12	12	
Fund Balance - Ending	\$ 0	\$ 0	\$ 12	\$ 12

**WAYNE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For the Year Ended June 30, 2016**  
**(Continued)**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 30,000	\$ 30,000	\$
Total Receipts		30,000	30,000	
<b>DISBURSEMENTS</b>				
Administration		30,000	30,000	
Total Disbursements		30,000	30,000	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 0	\$ 0

**WAYNE COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2016**

**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 Governmental 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  
SCHEDULE OF CAPITAL ASSETS  
Supplementary Information - Regulatory Basis**

**For the Year Ended June 30, 2016**



**WAYNE COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For the Year Ended June 30, 2016**

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	10,886		12,726,981
Vehicles and Equipment	2,535,271	374,621	23,025	2,886,867
Other Equipment	2,079,353	193,457	7,300	2,265,510
Infrastructure	8,742,566	1,004,081		9,746,647
<b>Total Capital Assets</b>	<b>\$ 27,009,320</b>	<b>\$ 1,583,045</b>	<b>\$ 30,325</b>	<b>\$28,562,040</b>

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

**June 30, 2016**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings and building improvements, equipment, vehicles 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***



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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, 2016, 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 March 17, 2017.

**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,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

March 17, 2017



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

**WAYNE COUNTY FISCAL COURT**

**For the Fiscal Year Ended June 30, 2016**



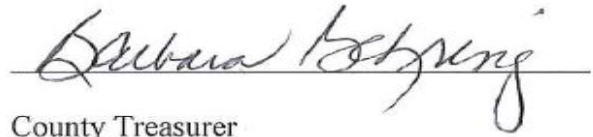
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
WAYNE COUNTY FISCAL COURT

For the Fiscal Year Ended June 30, 2016

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

