

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

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



**MIKE HARMON
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EXECUTIVE SUMMARY

AUDIT OF THE
BOYLE COUNTY FISCAL COURT

June 30, 2016

The Auditor of Public Accounts has completed the audit of the Boyle County Fiscal Court for the fiscal year ended June 30, 2016.

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

Financial Condition:

The Boyle County Fiscal Court had total receipts of \$13,793,634 and disbursements of \$15,690,189 in fiscal year 2016. This resulted in a total ending fund balance of \$6,017,739, which is a decrease of \$1,777,805 from the prior year.

Deposits:

The fiscal court's 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 Harold McKinney, Boyle County Judge/Executive
Members of the Boyle 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 Boyle County Fiscal Court, for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Boyle 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 in Note 1 of the financial statement, the financial statement is prepared by the Boyle 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 Boyle 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 Boyle 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 Boyle 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 March 14, 2017 on our consideration of the Boyle 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 Boyle 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

March 14, 2017

BOYLE COUNTY OFFICIALS

For The Year Ended June 30, 2016

Fiscal Court Members:

Harold McKinney	County Judge/Executive
Dickie Mayes	Magistrate
Donnie Coffman	Magistrate
Phillip R. Sammons	Magistrate
Jack Hendricks	Magistrate
Patty Burke	Magistrate
John Caywood	Magistrate

Other Elected Officials:

Richard Campbell	County Attorney
Barry Harmon	Jailer
Trille Bottom	County Clerk
Joni H. Terry	Circuit Court Clerk
Derek Robbins	Sheriff
Eddie Tamme	Property Valuation Administrator
Donald Hamner	Coroner

Appointed Personnel:

Mary Conley	County Treasurer
Susanna Ryan	Occupational Tax Administrator
Jacob Pankey	Finance Officer

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

For The Year Ended June 30, 2016

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

For The Year Ended June 30, 2016

	Budgeted Funds		
	General Fund	Road Fund	Joint Jail Fund
RECEIPTS			
Taxes	\$ 6,308,800	\$	\$
Excess Fees	267,618		
Licenses and Permits	42,965		
Intergovernmental	283,673	1,259,606	2,083,052
Charges for Services	167,110		227,346
Miscellaneous	487,577	2,364	188,498
Interest	57,426	1,992	302
Total Receipts	<u>7,615,169</u>	<u>1,263,962</u>	<u>2,499,198</u>
DISBURSEMENTS			
General Government	2,656,813		
Protection to Persons and Property	131,735		2,435,540
General Health and Sanitation	1,252,027		
Social Services	101,500		
Recreation and Culture	390,664		
Roads		733,486	
Airports	15,173		
Debt Service			
Capital Projects		402,768	
Administration	168,457	233,051	720,263
Total Disbursements	<u>4,716,369</u>	<u>1,369,305</u>	<u>3,155,803</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,898,800</u>	<u>(105,343)</u>	<u>(656,605)</u>
Other Adjustments to Cash (Uses)			
Lease Proceeds			
Transfers From Other Funds	482,287		1,331,950
Transfers To Other Funds	(2,330,270)		(454,264)
Total Other Adjustments to Cash (Uses)	<u>(1,847,983)</u>		<u>877,686</u>
Net Change in Fund Balance	1,050,817	(105,343)	221,081
Fund Balance - Beginning	3,406,705	206,507	311,032
Fund Balance - Ending	<u>\$ 4,457,522</u>	<u>\$ 101,164</u>	<u>\$ 532,113</u>
Composition of Fund Balance			
Bank Balance	\$ 4,617,454	\$ 219,755	\$ 599,338
Less: Outstanding Checks	(159,932)	(118,591)	(67,225)
Certificates of Deposit			
Fund Balance - Ending	<u>\$ 4,457,522</u>	<u>\$ 101,164</u>	<u>\$ 532,113</u>

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

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Bond Fund	State Grant Fund	Emergency 911 Fund	Federal Grant Fund	Boyle Jail Fund	Emergency Medical Services Fund
\$	\$	\$	\$ 48,995	\$	\$	\$
36,595			138,272	442,458		10,000
	260					1,323,440
2			4,327		16	12,860
<u>36,597</u>	<u>260</u>		<u>191,594</u>	<u>442,458</u>	<u>16</u>	<u>1,346,419</u>
			144,709		41,940	1,454,865
20,557				442,458		
	260,955					
	2,388,038					
20					1,102	736,931
<u>20,577</u>	<u>2,648,993</u>		<u>144,709</u>	<u>442,458</u>	<u>43,042</u>	<u>2,191,796</u>
16,020	(2,648,733)		46,885		(43,026)	(845,377)
	229,196				20,000	755,000
	(458,497)	(23,790)				
	<u>(229,301)</u>	<u>(23,790)</u>			<u>20,000</u>	<u>755,000</u>
16,020	(2,878,034)	(23,790)	46,885		(23,026)	(90,377)
19,013	2,878,034	23,790	643,995		30,843	240,136
<u>\$ 35,033</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 690,880</u>	<u>\$ 0</u>	<u>\$ 7,817</u>	<u>\$ 149,759</u>
\$ 35,033	\$	\$	\$ 436,402	\$	\$ 7,817	\$ 159,136
			(11)			(9,377)
			<u>254,489</u>			
<u>\$ 35,033</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 690,880</u>	<u>\$ 0</u>	<u>\$ 7,817</u>	<u>\$ 149,759</u>

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

BOYLE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2016
(Continued)

	<u>Unbudgeted Funds</u>			<u>Internal Service Fund</u>
	<u>General Obligation Bond Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>	<u>Health Insurance Fund</u>
RECEIPTS				
Taxes	\$	\$	\$ 6,357,795	\$
Excess Fees			267,618	
Licenses and Permits			42,965	
Intergovernmental			4,253,656	46,660
Charges for Services			1,717,896	
Miscellaneous		397,961	1,089,520	1,150,219
Interest			64,184	290
Total Receipts		<u>397,961</u>	<u>13,793,634</u>	<u>1,197,169</u>
DISBURSEMENTS				
General Government			2,656,813	
Protection to Persons and Property		118,750	4,327,539	
General Health and Sanitation			1,252,027	
Social Services			101,500	
Recreation and Culture		389,999	1,223,121	
Roads			754,043	
Airports			15,173	
Debt Service	448,388		709,343	
Capital Projects			2,790,806	
Administration			1,859,824	1,511,067
Total Disbursements	<u>448,388</u>	<u>508,749</u>	<u>15,690,189</u>	<u>1,511,067</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(448,388)</u>	<u>(110,788)</u>	<u>(1,896,555)</u>	<u>(313,898)</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds		118,750	118,750	
Transfers From Other Funds	448,388		3,266,821	
Transfers To Other Funds			(3,266,821)	
Total Other Adjustments to Cash (Uses)	<u>448,388</u>	<u>118,750</u>	<u>118,750</u>	
Net Change in Fund Balance		7,962	(1,777,805)	(313,898)
Fund Balance - Beginning		35,489	7,795,544	498,792
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 43,451</u>	<u>\$ 6,017,739</u>	<u>\$ 184,894</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 46,492	\$ 6,121,427	\$ 208,646
Less Outstanding Checks		(3,041)	(358,177)	(23,752)
Certificates of Deposit			254,489	
Ending Fund Balance	<u>\$ 0</u>	<u>\$ 43,451</u>	<u>\$ 6,017,739</u>	<u>\$ 184,894</u>

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

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TO THE FINANCIAL STATEMENT**

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BOYLE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Boyle County includes all budgeted and unbudgeted funds under the control of the Boyle 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.

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, 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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Joint Jail Fund - The primary purpose of this fund is to account for the jail expenses of Boyle and Mercer counties. The primary sources of receipts for this fund are reimbursements from the state and federal governments, 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.

Bond Fund - The primary purpose of this fund is to account for the construction and long-term debt principal and interest associated with the bonds issued for the acquisition and installation of energy efficiency improvements.

State Grant Fund - The primary purpose of this fund is to account for state monies received.

Emergency 911 Fund - This fund is used to support the operation of the county's emergency operation communications. The primary sources of receipts for this fund are land line and cellular telephone fees paid monthly by consumers.

Federal Grant Fund - The primary purpose of this fund is to account for federal monies received.

Boyle Jail Fund - This fund is used to account for medical expenses of the Boyle County inmate population.

Emergency Medical Services Fund - The primary purpose of this fund is to account for ambulance receipts and disbursements. The primary sources of receipts are grants and charges for services.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

General Obligation Bond Fund - This fund is used for the accumulation of resources for, and the payment of general long-term debt principal and interest associated with the construction of the government services center, which consists of the regional jail facility and emergency medical and road maintenance facilities. The Department for Local Government does not require the fiscal court to report or budget this fund.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Internal Service Fund

Health Insurance Fund - The primary purpose of this fund is to account for Boyle County's partially self-funded employee health insurance program.

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 general obligation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Boyle County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Boyle 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 Boyle County Fiscal Court.

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

BOYLE 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 and investments.

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.

BOYLE 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	Joint Jail Fund	Bond Fund	State Grant Fund	Total Transfers In
General Fund	\$		\$ 458,497	\$ 23,790	\$ 482,287
Joint Jail Fund	1,331,950				1,331,950
Bond Fund	148,977	80,219			229,196
EMS Fund	755,000				755,000
Boyle Jail Fund	20,000				20,000
General Obligation Bond Fund	74,343	374,045			448,388
Total Transfers Out	<u>\$ 2,330,270</u>	<u>\$ 454,264</u>	<u>\$ 458,497</u>	<u>\$ 23,790</u>	<u>\$ 3,266,821</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. Agency Trust Fund

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2016 was \$38,838.

Note 5. Long-term Debt

A. General Obligation Bonds, Series 2008

On March 11, 2008, the Boyle County Fiscal Court issued \$4,120,000 of General Obligation Bonds for the purpose of providing funds to refund and redeem the Lease Revenue Bonds, Series 1997 which were used to finance the costs of a government services center, consisting of a regional jail facility and emergency medical and road maintenance facilities. The refunding was carried out to achieve debt services savings and to remove certain encumbrances on the government services center. Principal payments are due annually on February 1, and interest, which varies from 3.00 percent to 3.25 percent, is payable semiannually on February 1 and August 1. The outstanding principal balance as of June 30, 2016 was \$1,260,000.

Call Provisions:

The 2008 series bonds maturing on or after February 1, 2019, are subject to redemption by the county, at its option (and upon its written discretion to the trustee) prior to maturity on February 1, 2018 and on any date thereafter in whole, or from time to time, in increments of \$5,000 and in any order of maturity (less than all of a single maturity to be selected by the trustee) at a redemption price equal to 100 percent of the principal amount plus accrued interest to the redemption date.

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

Note 5. Long-term Debt (Continued)

A. General Obligation Bonds, Series 2008 (Continued)

Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 405,000	\$ 40,748
2018	420,000	27,787
2019	435,000	14,138
Totals	<u>\$ 1,260,000</u>	<u>\$ 82,673</u>

B. General Obligation Bonds, Series 2015

On June 30, 2015, the Boyle County Fiscal Court issued \$2,875,000 of General Obligation Bonds for the purpose of financing costs (to the extent not otherwise provided to be paid) of the acquisition and installation of energy efficiency improvements to (a) the Boyle County Courthouse located at 321 West Main Street, (b) the Boyle County Detention Center located at 1860 South Danville Bypass, (c) the Boyle County Emergency Medical Services facility located at 1856 South Danville Bypass, (d) The Boyle County Public Works facility located at 1858 South Danville Bypass, and (e) the Boyle County Recycling Center located at 1862 South Danville Bypass. Principal payments are due annually on December 1, and interest which varies from two percent to three percent, is payable semiannually on June 1 and December 1. The outstanding principal balance as of June 30, 2016 was \$2,705,000.

Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 165,000	\$ 61,181
2018	170,000	57,831
2019	175,000	54,381
2020	180,000	50,831
2021	180,000	47,232
2022-2026	970,000	175,325
2027-2030	865,000	49,778
Totals	<u>\$ 2,705,000</u>	<u>\$ 496,559</u>

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

Note 5. Long-term Debt (Continued)

C. Financing Obligation

On February 9, 2016, the Boyle County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) to finance the purchase of a body scanner for the jail. The amount of the agreement was \$118,750 with a fixed interest rate of 3.566 percent. Principal and interest payments are due monthly until scheduled final payment is made in February 2023. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 14,464	\$ 3,463
2018	16,202	3,232
2019	16,656	2,647
2020	17,123	2,045
2021	17,602	1,427
2022-2023	30,440	957
Totals	<u>\$ 112,487</u>	<u>\$ 13,771</u>

D. 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
General Obligation Bonds	\$ 4,530,000	\$	\$ 565,000	\$ 3,965,000	\$ 570,000
Financing Obligations		118,750	6,263	112,487	14,464
Total Long-term Debt	<u>\$ 4,530,000</u>	<u>\$ 118,750</u>	<u>\$ 571,263</u>	<u>\$ 4,077,487</u>	<u>\$ 584,464</u>

Note 6. Commitments and Contingencies

The county is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant, in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

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

Note 7. Employee Retirement System

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 and 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.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.95 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) and eight percent (hazardous) 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) and seven and one-half percent (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2014 was \$1,082,150, FY 2015 was \$1,041,832, and FY 2016 was \$1,013,056.

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.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

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

Note 7. Employee Retirement System (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:

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 10 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.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives 10 dollars per month for insurance benefits for each year of the deceased employee's hazardous service. 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 8. Deferred Compensation

The Boyle 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.

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

Note 8. 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 9. Insurance

For the fiscal year ended June 30, 2016, the Boyle 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 10. Health Insurance Fund

The Boyle County Fiscal Court maintains a self-insurance fund to account for the health insurance provided by other funds on a cost reimbursement basis. The purpose of the self-insurance fund is to have funds available to cover some losses as full insurance for all types of risk can be prohibitively expensive and to accumulate reserves for catastrophic losses. Under accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board, this fund would have been accounted for as an internal service fund; however, under the regulatory basis this is not required. Under the regulatory basis of accounting, charges to funds by the health insurance fund will be disbursements of the respective fund being charged, then considered receipts of the health insurance fund. Charges to funds should be reasonable and equitable so that the receipts and disbursements of the health insurance fund are approximately equal and assume that the fund will have profitable and loss years and will break even over time.

Note 11. Endowment Fund

On October 29, 2013, the Boyle County Fiscal Court gave \$100,000 to Community Foundation of Louisville, Inc. which is a 501(3)(c), to establish a fund to preserve, maintain, improve, or beautify the Constitution Square Historic Site. The foundation has the authority and control over the assets in the fund, and the income derived from it. The balance in this fund as of June 30, 2016 was \$125,044.

Note 12. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Boyle County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2016, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

BOYLE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,560,000	\$ 5,560,000	\$ 6,308,800	\$ 748,800
Excess Fees	324,840	324,840	267,618	(57,222)
Licenses and Permits	31,300	31,300	42,965	11,665
Intergovernmental	439,463	439,463	283,673	(155,790)
Charges for Services	144,700	144,700	167,110	22,410
Miscellaneous	841,847	841,847	487,577	(354,270)
Interest	35,500	35,500	57,426	21,926
Total Receipts	<u>7,377,650</u>	<u>7,377,650</u>	<u>7,615,169</u>	<u>237,519</u>
DISBURSEMENTS				
General Government	2,609,446	2,921,909	2,656,813	265,096
Protection to Persons and Property	149,037	148,946	131,735	17,211
General Health and Sanitation	1,255,585	1,345,300	1,252,027	93,273
Social Services	101,500	101,500	101,500	
Recreation and Culture	411,880	424,906	390,664	34,242
Airports	15,175	15,175	15,173	2
Debt Service	225,443	225,443		225,443
Capital Projects	(73,351)	(73,351)		(73,351)
Administration	3,581,559	2,840,811	168,457	2,672,354
Total Disbursements	<u>8,276,274</u>	<u>7,950,639</u>	<u>4,716,369</u>	<u>3,234,270</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(898,624)</u>	<u>(572,989)</u>	<u>2,898,800</u>	<u>3,471,789</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	23,789	23,789	482,287	458,498
Transfers To Other Funds	(2,358,956)	(2,358,956)	(2,330,270)	28,686
Total Other Adjustments to Cash (Uses)	<u>(2,335,167)</u>	<u>(2,335,167)</u>	<u>(1,847,983)</u>	<u>487,184</u>
Net Change in Fund Balance	(3,233,791)	(2,908,156)	1,050,817	3,958,973
Fund Balance Beginning	<u>3,233,791</u>	<u>3,233,791</u>	<u>3,406,705</u>	<u>172,914</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 325,635</u>	<u>\$ 4,457,522</u>	<u>\$ 4,131,887</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,262,177	\$ 1,262,177	\$ 1,259,606	\$ (2,571)
Miscellaneous			2,364	2,364
Interest	1,500	1,500	1,992	492
Total Receipts	<u>1,263,677</u>	<u>1,263,677</u>	<u>1,263,962</u>	<u>285</u>
DISBURSEMENTS				
Transportation Facilities and Services	14,940	14,940		14,940
Roads	867,410	868,944	733,486	135,458
Capital Projects	393,458	436,234	402,768	33,466
Administration	253,275	247,523	233,051	14,472
Total Disbursements	<u>1,529,083</u>	<u>1,567,641</u>	<u>1,369,305</u>	<u>198,336</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(265,406)</u>	<u>(303,964)</u>	<u>(105,343)</u>	<u>198,621</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	92,027	92,027		(92,027)
Total Other Adjustments to Cash (Uses)	<u>92,027</u>	<u>92,027</u>		<u>(92,027)</u>
Net Change in Fund Balance	(173,379)	(211,937)	(105,343)	106,594
Fund Balance Beginning	<u>173,379</u>	<u>173,379</u>	<u>206,507</u>	<u>33,128</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (38,558)</u>	<u>\$ 101,164</u>	<u>\$ 139,722</u>

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

	JOINT JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,962,566	\$ 1,962,566	\$ 2,083,052	\$ 120,486
Charges for Services	194,750	194,750	227,346	32,596
Miscellaneous	135,250	135,250	188,498	53,248
Interest	200	200	302	102
Total Receipts	<u>2,292,766</u>	<u>2,292,766</u>	<u>2,499,198</u>	<u>206,432</u>
DISBURSEMENTS				
Protection to Persons and Property	2,619,294	2,639,050	2,435,540	203,510
Debt Service	455,494	225,517		225,517
Administration	816,910	798,385	720,263	78,122
Total Disbursements	<u>3,891,698</u>	<u>3,662,952</u>	<u>3,155,803</u>	<u>507,149</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,598,932)</u>	<u>(1,370,186)</u>	<u>(656,605)</u>	<u>713,581</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,296,595	1,296,595	1,331,950	35,355
Transfers To Other Funds			<u>(454,264)</u>	<u>(454,264)</u>
Total Other Adjustments to Cash (Uses)	<u>1,296,595</u>	<u>1,296,595</u>	<u>877,686</u>	<u>(418,909)</u>
Net Change in Fund Balance	(302,337)	(73,591)	221,081	294,672
Fund Balance Beginning	<u>302,337</u>	<u>302,337</u>	<u>311,032</u>	<u>8,695</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 228,746</u>	<u>\$ 532,113</u>	<u>\$ 303,367</u>

BOYLE 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		
RECEIPTS				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 36,595	\$ (3,405)
Interest	10	10	2	(8)
Total Receipts	<u>40,010</u>	<u>40,010</u>	<u>36,597</u>	<u>(3,413)</u>
DISBURSEMENTS				
Roads	27,122	27,122	20,557	6,565
Administration	40,010	40,010	20	39,990
Total Disbursements	<u>67,132</u>	<u>67,132</u>	<u>20,577</u>	<u>46,555</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(27,122)</u>	<u>(27,122)</u>	<u>16,020</u>	<u>43,142</u>
Net Change in Fund Balance	(27,122)	(27,122)	16,020	43,142
Fund Balance Beginning	<u>27,122</u>	<u>27,122</u>	<u>19,013</u>	<u>(8,109)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,033</u>	<u>\$ 35,033</u>

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

	BOND FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 260	\$ 260
Total Receipts			260	260
DISBURSEMENTS				
Debt Service	2,937,299	319,510	260,955	58,555
Capital Projects		2,846,535	2,388,038	458,497
Administration	2,701	2,701		2,701
Total Disbursements	2,940,000	3,168,746	2,648,993	519,753
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,940,000)	(3,168,746)	(2,648,733)	520,013
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,940,000	2,940,000	229,196	(2,710,804)
Transfers To Other Funds			(458,497)	(458,497)
Total Other Adjustments to Cash (Uses)	2,940,000	2,940,000	(229,301)	(3,169,301)
Net Change in Fund Balance		(228,746)	(2,878,034)	(2,649,288)
Fund Balance Beginning			2,878,034	2,878,034
Fund Balance - Ending	\$ 0	\$ (228,746)	\$ 0	\$ 228,746

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

	STATE GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 500,000	\$ 500,000	\$	\$ (500,000)
Total Receipts	500,000	500,000		(500,000)
DISBURSEMENTS				
General Government	500,000	500,000		500,000
Total Disbursements	500,000	500,000		500,000
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(23,789)	(23,789)	(23,790)	(1)
Total Other Adjustments to Cash (Uses)	(23,789)	(23,789)	(23,790)	(1)
Net Change in Fund Balance	(23,789)	(23,789)	(23,790)	(1)
Fund Balance - Beginning	23,789	23,789	23,790	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	EMERGENCY 911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 49,000	\$ 49,000	\$ 48,995	\$ (5)
Intergovernmental	135,000	135,000	138,272	3,272
Interest	3,750	3,750	4,327	577
Total Receipts	<u>187,750</u>	<u>187,750</u>	<u>191,594</u>	<u>3,844</u>
DISBURSEMENTS				
Protection to Persons and Property	182,450	182,450	144,709	37,741
Administration	645,099	645,099		645,099
Total Disbursements	<u>827,549</u>	<u>827,549</u>	<u>144,709</u>	<u>682,840</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(639,799)</u>	<u>(639,799)</u>	<u>46,885</u>	<u>686,684</u>
Net Change in Fund Balance	(639,799)	(639,799)	46,885	686,684
Fund Balance Beginning	<u>639,799</u>	<u>639,799</u>	<u>643,995</u>	<u>4,196</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 690,880</u>	<u>\$ 690,880</u>

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

	FEDERAL GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 442,458	\$ 292,458
Total Receipts	<u>150,000</u>	<u>150,000</u>	<u>442,458</u>	<u>292,458</u>
DISBURSEMENTS				
Recreation and Culture	150,000	442,459	442,458	1
Total Disbursements	<u>150,000</u>	<u>442,459</u>	<u>442,458</u>	<u>1</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(292,459)</u>		<u>292,459</u>
Net Change in Fund Balance		(292,459)		292,459
Fund Balance Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (292,459)</u>	<u>\$ 0</u>	<u>\$ 292,459</u>

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

	BOYLE JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 50	\$ 50	\$ 16	\$ (34)
Total Receipts	<u>50</u>	<u>50</u>	<u>16</u>	<u>(34)</u>
DISBURSEMENTS				
Protection to Persons and Property	41,750	45,312	41,940	3,372
Administration	13,480	9,918	1,102	8,816
Total Disbursements	<u>55,230</u>	<u>55,230</u>	<u>43,042</u>	<u>12,188</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(55,180)</u>	<u>(55,180)</u>	<u>(43,026)</u>	<u>12,154</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>25,000</u>	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>
Total Other Adjustments to Cash (Uses)	<u>25,000</u>	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>
Net Change in Fund Balance	(30,180)	(30,180)	(23,026)	7,154
Fund Balance Beginning	<u>30,180</u>	<u>30,180</u>	<u>30,843</u>	<u>663</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,817</u>	<u>\$ 7,817</u>

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

EMERGENCY MEDICAL SERVICES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 137,273	\$ 137,273	\$ 10,000	\$ (127,273)
Charges for Services	1,100,000	1,100,000	1,323,440	223,440
Miscellaneous	500	500	12,860	12,360
Interest	50	50	119	69
Total Receipts	<u>1,237,823</u>	<u>1,237,823</u>	<u>1,346,419</u>	<u>108,596</u>
DISBURSEMENTS				
Protection to Persons and Property	1,644,361	1,644,541	1,454,865	189,676
Administration	770,850	765,288	736,931	28,357
Total Disbursements	<u>2,415,211</u>	<u>2,409,829</u>	<u>2,191,796</u>	<u>218,033</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,177,388)</u>	<u>(1,172,006)</u>	<u>(845,377)</u>	<u>326,629</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	971,417	971,417	755,000	(216,417)
Transfers To Other Funds	<u>(26,083)</u>	<u>(26,083)</u>	<u>755,000</u>	<u>26,083</u>
Total Other Adjustments to Cash (Uses)	<u>945,334</u>	<u>945,334</u>	<u>755,000</u>	<u>(190,334)</u>
Net Change in Fund Balance	(232,054)	(226,672)	(90,377)	136,295
Fund Balance Beginning	<u>232,054</u>	<u>232,054</u>	<u>240,136</u>	<u>8,082</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 5,382</u>	<u>\$ 149,759</u>	<u>\$ 144,377</u>

BOYLE 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 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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BOYLE COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016

BOYLE 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 and Land Improvements	\$ 834,752	\$	\$	\$ 834,752
Land Improvements	2,403,303			2,403,303
Buildings and Improvements	9,443,813			9,443,813
Vehicles and Equipment	2,473,320	315,011	337,570	2,450,761
Machinery and Equipment	3,691,380	243,431	151,891	3,782,920
Infrastructure	10,554,144	335,324		10,889,468
 Total Capital Assets	 \$ 29,400,712	 \$ 893,766	 \$ 489,461	 \$ 29,805,017

BOYLE 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, 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	\$ 7,500	10-45
Buildings and Building Improvements	\$ 20,000	10-60
Machinery and Equipment	\$ 1,000	3-20
Vehicles and Equipment	\$ 1,000	3-12
Infrastructure	\$ 5,000	10-40

**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 Harold McKinney, Boyle County Judge/Executive
Members of the Boyle 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 Boyle County Fiscal Court for the fiscal year ended June 30, 2016 and the related notes to the financial statement which collectively comprise the Boyle County Fiscal Court's financial statement and have issued our report thereon dated March 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Boyle 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 Boyle County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Boyle 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 Boyle 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 flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

March 14, 2017

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

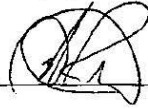
BOYLE COUNTY FISCAL COURT

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

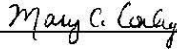
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOYLE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2016

The Boyle 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

