

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

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



**MIKE HARMON
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EXECUTIVE SUMMARY

AUDIT OF THE MENIFEE COUNTY FISCAL COURT

June 30, 2016

The Auditor of Public Accounts has completed the audit of the Menifee 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 Menifee County Fiscal Court. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, we have issued an unmodified opinion on the compliance requirements that are applicable to Menifee County Fiscal Court's major federal program: Appalachian Area Development (CFDA #23.002).

Financial Condition:

The Menifee County Fiscal Court had total receipts of \$4,902,409 and disbursements of \$5,173,465 in fiscal year 2016. This resulted in a total ending fund balance of \$1,252,204, which is an increase of \$8,085 from the prior year.

Finding:

2016-001 The Fiscal Court Lacks Adequate Controls Over Swimming Pool Revenues

Deposits:

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

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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 Rick Stiltner, Menifee County Judge/Executive
Members of the Menifee 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 Menifee County Fiscal Court, for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Menifee 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 Menifee 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 Menifee 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 Menifee 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 Menifee County Fiscal Court. The Budgetary Comparison Schedules, Capital Asset Schedule, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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, Capital Asset Schedule, and Schedule of Expenditures of Federal Awards 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, Capital Asset Schedule, and the Schedule of Expenditures of Federal Awards 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 July 5, 2017, on our consideration of the Menifee 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 Menifee County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report finding:

2016-001 The Fiscal Court Lacks Adequate Controls Over Swimming Pool Revenues

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

July 5, 2017

MENIFEE COUNTY OFFICIALS

For The Year Ended June 30, 2016

Fiscal Court Members:

Rick Stiltner	County Judge/Executive
Ricky Bair	Magistrate
Joshua Brown	Magistrate
Forrest Mullins	Magistrate
Alan Ratliff	Magistrate
Ollie Whitaker	Magistrate

Other Elected Officials:

Gregory Hall	County Attorney
Jason Stull	Jailer
Brenda Carty	County Clerk
Karen Sorrell	Circuit Court Clerk
Toby Wells	Sheriff
Jim Lawson	Property Valuation Administrator
Melody Smallwood	Coroner

Appointed Personnel:

Belinda Hurt	County Treasurer
Christina Johnson	Finance Officer

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

For The Year Ended June 30, 2016

MENIFEE 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	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 931,692	\$	\$	\$
In Lieu Tax Payments	57,594	93,258		
Excess Fees	83,557			
Intergovernmental	175,477	1,537,679	84,889	140,145
Charges for Services	203,912			
Miscellaneous	54,922	8,145		
Interest	322	652	18	126
Total Receipts	<u>1,507,476</u>	<u>1,639,734</u>	<u>84,907</u>	<u>140,271</u>
DISBURSEMENTS				
General Government	474,170	100,000		4,441
Protection to Persons and Property	142,319		182,052	15,000
General Health and Sanitation	393,421	13,773		7,357
Social Services	11,550			54,176
Recreation and Culture				11,012
Roads		1,184,861		
Debt Service	215,345	59,879		
Administration	370,119	268,219	31,380	
Total Disbursements	<u>1,606,924</u>	<u>1,626,732</u>	<u>213,432</u>	<u>91,986</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(99,448)</u>	<u>13,002</u>	<u>(128,525)</u>	<u>48,285</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	279,141			
Transfers From Other Funds	213,260	130	130,000	
Transfers To Other Funds	(282,630)	(213,260)		
Total Other Adjustments to Cash (Uses)	<u>209,771</u>	<u>(213,130)</u>	<u>130,000</u>	
Net Change in Fund Balance	110,323	(200,128)	1,475	48,285
Fund Balance - Beginning	279,479	533,279	6,093	90,714
Fund Balance - Ending	<u>\$ 389,802</u>	<u>\$ 333,151</u>	<u>\$ 7,568</u>	<u>\$ 138,999</u>
Composition of Fund Balance				
Bank Balance	\$ 406,312	\$ 340,318	\$ 8,380	\$ 139,414
Less: Outstanding Checks	(16,510)	(7,167)	(812)	(415)
Fund Balance - Ending	<u>\$ 389,802</u>	<u>\$ 333,151</u>	<u>\$ 7,568</u>	<u>\$ 138,999</u>

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

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

Budgeted Funds						
Senior Citizens Fund	Parks Fund	Building Commission Fund	Debt Service Fund	Wellness Fund	911 Fund	Health Tax Fund
\$	\$	\$	\$	\$	\$ 57,893	\$ 141,637
910,296					89,045	3,836
	11,834			2,080		
55,800	10,258	52,260			15,070	11,501
3,366	4		3	1	11	139
<u>969,462</u>	<u>22,096</u>	<u>52,260</u>	<u>3</u>	<u>2,081</u>	<u>162,019</u>	<u>157,113</u>
		49,948			189,042	
934,698						132,067
	31,267			4,404		
		14,925				23,281
	3,297	1,879			84,373	
<u>934,698</u>	<u>34,564</u>	<u>66,752</u>		<u>4,404</u>	<u>273,415</u>	<u>155,348</u>
<u>34,764</u>	<u>(12,468)</u>	<u>(14,492)</u>	<u>3</u>	<u>(2,323)</u>	<u>(111,396)</u>	<u>1,765</u>
	10,000	20,000		2,500	120,000	
	<u>10,000</u>	<u>20,000</u>		<u>2,500</u>	<u>120,000</u>	
34,764	(2,468)	5,508	3	177	8,604	1,765
130,000	16,476	10,256	1,870	275	19,821	149,716
<u>\$ 164,764</u>	<u>\$ 14,008</u>	<u>\$ 15,764</u>	<u>\$ 1,873</u>	<u>\$ 452</u>	<u>\$ 28,425</u>	<u>\$ 151,481</u>
\$ 164,764	\$ 14,045	\$ 15,764	\$ 1,873	\$ 452	\$ 29,949	\$ 151,481
	(37)				(1,524)	
<u>\$ 164,764</u>	<u>\$ 14,008</u>	<u>\$ 15,764</u>	<u>\$ 1,873</u>	<u>\$ 452</u>	<u>\$ 28,425</u>	<u>\$ 151,481</u>

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

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

	<u>Unbudgeted Fund</u>	
	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
RECEIPTS		
Taxes	\$	\$ 1,131,222
In Lieu Tax Payments		150,852
Excess Fees		83,557
Intergovernmental	164,987	3,106,354
Charges for Services		217,826
Miscellaneous		207,956
Interest		4,642
Total Receipts	<u>164,987</u>	<u>4,902,409</u>
DISBURSEMENTS		
General Government		628,559
Protection to Persons and Property		528,413
General Health and Sanitation		546,618
Social Services		1,000,424
Recreation and Culture		46,683
Roads		1,184,861
Debt Service	165,210	478,640
Administration		759,267
Total Disbursements	<u>165,210</u>	<u>5,173,465</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(223)</u>	<u>(271,056)</u>
Other Adjustments to Cash (Uses)		
Financing Obligation Proceeds		279,141
Transfers From Other Funds		495,890
Transfers To Other Funds		(495,890)
Total Other Adjustments to Cash (Uses)		<u>279,141</u>
Net Change in Fund Balance	(223)	8,085
Fund Balance - Beginning	6,140	1,244,119
Fund Balance - Ending	<u>\$ 5,917</u>	<u>\$ 1,252,204</u>
Composition of Fund Balance		
Bank Balance	\$ 5,917	\$ 1,278,669
Less: Outstanding Checks		(26,465)
Fund Balance - Ending	<u>\$ 5,917</u>	<u>\$ 1,252,204</u>

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

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MENIFEE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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 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.

Senior Citizens Fund - The primary purpose of this fund is to account for the building of a senior citizen's center. The primary sources of receipts for this fund are grants from the state and federal governments.

Parks Fund - The primary purpose of this fund is to account for county park receipts. The primary source of receipts for this fund is charges for the use of the county pool.

Building Commission Fund - The primary purpose of this fund is to account for rental of a county owned building. The primary source of receipts for this fund is rental receipts.

Debt Service Fund - The primary purpose of this fund is to account for debt service reserves.

Wellness Fund - The primary purpose of this fund is to account for community center expenses. The primary source of receipts for this fund is transfers from the general fund.

911 Fund - This fund accounts for receipts and disbursements of the emergency dispatch service. The primary source of receipts is telecommunication tax.

Health Tax Fund - This trust fund accounts for receipts and disbursements of the local health taxing district.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of the courthouse annex and to renovate the existing courthouse.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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 public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Menifee County Elected Officials

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

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

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.

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

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.

Note 3. Transfers

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

	General Fund	Road Fund	Total Transfers In
General Fund	\$	\$ 213,260	\$ 213,260
Road Fund	130		130
Jail Fund	130,000		130,000
Parks Fund	10,000		10,000
Building Commission Fund	20,000		20,000
Wellness Fund	2,500		2,500
911 Fund	120,000		120,000
Total Transfers Out	<u>\$ 282,630</u>	<u>\$ 213,260</u>	<u>\$ 495,890</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.

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

Note 4. Long-term Debt

A. Note Payable - United States Department of Agriculture

The Menifee County Fiscal Court entered into a 30 year note payable in the amount of \$233,000 with the United States Department of Agriculture Rural Development Program. The note requires semi-annual interest payments due in June and December each year at an interest rate of five percent. Principal payments are due in December of each year. As of June 30, 2016, the principal balance remaining was \$134,500. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 8,500	\$ 6,725
2018	9,000	6,300
2019	9,000	5,850
2020	10,000	5,400
2021	10,000	4,900
2022-2026	59,500	16,325
2027-2028	28,500	2,150
Totals	<u>\$ 134,500</u>	<u>\$ 47,650</u>

B. First Mortgage Refunding Revenue Bonds, Series 2014

On December 30, 2014, the Menifee County Public Properties Corporation issued \$2,130,000 of First Mortgage Refunding Revenue Bonds, Series 2014, for the purpose of defeasing a prior bond issue for First Mortgage Refunding Revenue Bonds, Series 2014. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year commencing March 1, 2015, at interest rates of 1.05 percent to 3.25 percent. Commencing March 1, 2017, principal payments are payable annually. As of June 30, 2016, the principal balance remaining was \$2,130,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2017	\$ 120,000	\$ 56,095
2018	135,000	54,835
2019	135,000	53,418
2020	135,000	52,000
2021	140,000	47,625
2022-2026	765,000	178,675
2027-2030	700,000	56,413
Totals	<u>\$ 2,130,000</u>	<u>\$ 499,061</u>

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

Note 4. Long-term Debt (Continued)

C. Financing Obligation - Ambulance

On October 1, 2009, the Menifee County Fiscal Court entered into an agreement for the purchase of an ambulance in the amount of \$65,500 at an interest rate of 5.79 percent. The agreement requires annual principal and interest payments for seven years commencing on October 1, 2010, to be paid in full on October 1, 2017. As of June 30, 2016, the principal balance remaining was \$11,009. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 11,009	\$ 637
Totals	<u>\$ 11,009</u>	<u>\$ 637</u>

D. Financing Obligation - KADD Lease

On July 12, 2011, the Menifee County Fiscal Court entered into a financing obligation agreement with the Kentucky Area Development District (KADD) Financing Trust in the amount of \$910,000. The agreement requires two semi-annual interest payments in January and July of each year commencing January 20, 2012. Principal payments are due in July of each year commencing July 20, 2013, to be paid in full July 20, 2026. As of June 30, 2016, the principal balance remaining was \$755,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 55,000	\$ 35,119
2018	55,000	33,056
2019	60,000	30,900
2020	60,000	28,425
2021	65,000	25,613
2022-2026	375,000	76,950
2027	<u>85,000</u>	<u>2,875</u>
Totals	<u>\$ 755,000</u>	<u>\$ 232,938</u>

E. Financing Obligations - KADD Lease

On July 12, 2011, the Menifee County Fiscal Court entered into a financing obligation agreement with the Kentucky Area Development District (KADD) Financing Trust in the amount of \$310,000. The agreement requires two semi-annual interest payments in January and July of each year commencing January 20, 2012, at interest rates of 4.5 percent to 6 percent. Principal payments are due in July of each year commencing July 20, 2013, to be paid in full July 20, 2021. As of June 30, 2016, the principal balance remaining was \$220,000. Future principal and interest requirements are:

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

Note 4. Long-term Debt (Continued)

E. Financing Obligations - KADD Lease (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 30,000	\$ 12,050
2018	35,000	10,588
2019	35,000	8,750
2020	40,000	6,500
2021	40,000	4,100
2022	40,000	1,450
Totals	<u>\$ 220,000</u>	<u>\$ 43,438</u>

F. Financing Obligations - Ambulance

On April 1, 2009, the Menifee County Fiscal Court entered into an agreement for the purchase of an ambulance in the amount of \$85,000 at an interest rate of 5.39 percent. The agreement requires annual principal and interest payments for seven years commencing on April 1, 2010, to be paid in full on April 1, 2016. As of June 30, 2016, the principal balance remaining was \$0.

G. Financing Obligations - Ambulance

On September 1, 2010, the Menifee County Fiscal Court entered into an agreement for the purchase of an ambulance in the amount of \$90,000 at an interest rate of 5.79 percent. The agreement requires annual principal and interest payments for six years commencing on January 15, 2011, to be paid in full on January 15, 2016. As of June 30, 2016, the principal balance remaining was \$0.

H. Financing Obligations - Tractor

On March 23, 2013, the Menifee County Fiscal Court entered into an agreement for the purchase of a tractor in the amount of \$76,520 at an interest rate of 2.95 percent. The agreement requires monthly payments commencing on July 5, 2013, to be paid in full on July 5, 2018. As of June 30, 2016, the principal balance remaining was \$31,897. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 15,748	\$ 731
2018	16,149	260
Totals	<u>\$ 31,897</u>	<u>\$ 991</u>

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

Note 4. Long-term Debt (Continued)

I. Financing Obligations - Health Department Building

On October 19, 2010, Menifee County Health Taxing District entered into an agreement for the purpose of the acquisition, construction, installation and equipping of a new Health Department building in the amount of \$300,000 with an interest rate of 4.55 percent. The agreement requires monthly payments commencing on November 11, 2010, to be paid in full on January 20, 2020. The payments are made from the health tax fund held in trust by the Menifee County Fiscal Court. As of June 30, 2016, the principal balance remaining was \$233,175. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 12,747	\$ 9,794
2018	13,257	9,237
2019	13,788	8,653
2020	193,383	4,878
Totals	<u>\$ 233,175</u>	<u>\$ 32,562</u>

J. Financing Obligations - Senior Citizens Building

On February 24, 2015, the Menifee County Fiscal Court entered into an agreement for the acquisition, construction, and equipping of a Senior Citizen Center in the amount of \$130,000 at an interest rate of 2.47 percent. The agreement requires monthly payments commencing on March 20, 2015, to be paid in full on December 20, 2019. As of June 30, 2016, the principal balance remaining was \$92,500. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 25,000	\$ 3,141
2018	25,000	2,444
2019	27,500	1,631
2020	15,000	613
Totals	<u>\$ 92,500</u>	<u>\$ 7,829</u>

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

Note 4. Long-term Debt (Continued)

K. Financing Obligations - Garbage Truck

On July 17, 2015, the Menifee County Fiscal Court entered into an agreement for the purchase of a garbage truck in the amount of \$159,929 at an interest rate of 3.12 percent. The agreement requires monthly principal and interest payments for five years. As of June 30, 2016, the principal balance remaining was \$72,257. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 32,838	\$ 1,658
2018	33,656	840
2019	5,763	45
Totals	<u>\$ 72,257</u>	<u>\$ 2,543</u>

L. Financing Obligations - Ambulance

On March 29, 2016, the Menifee County Fiscal Court entered into an agreement for the purchase of an ambulance in the amount of \$119,212 at an interest rate of 3.4 percent. The agreement requires monthly principal and interest payments for five years. As of June 30, 2016, the principal balance remaining was \$115,556. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 22,378	\$ 3,582
2018	23,151	2,809
2019	23,950	2,010
2020	24,777	1,183
2021	21,300	333
Totals	<u>\$ 115,556</u>	<u>\$ 9,917</u>

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

Note 4. Long-term Debt (Continued)

M. Changes In Long-term Debt

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	\$ 142,500	\$	\$ 8,000	\$ 134,500	\$ 8,500
Revenue Bonds	2,130,000			2,130,000	120,000
Financing Obligations	1,524,808	279,141	272,555	1,531,394	204,720
Total Long-term Debt	<u>\$ 3,797,308</u>	<u>\$ 279,141</u>	<u>\$ 280,555</u>	<u>\$ 3,795,894</u>	<u>\$ 333,220</u>

Note 5. 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.

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

Note 5. Employee Retirement System (Continued)

The county's contribution for FY 2014 was \$144,195, FY 2015 was \$148,520, and FY 2016 was \$145,108.

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.

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

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

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

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

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.

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

Note 5. Employee Retirement System (Continued)

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/Resources/Pages/GASB.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

The Menifee County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing 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 Menifee 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. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to the nursing home for the acquisition and construction of 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 Menifee 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.

Note 9. Prior Period Adjustment

The long-term debt beginning balance for financing obligations was restated and increased by \$1,904 due to a misstatement in the prior period.

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MENIFEE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

MENIFEE 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	\$ 923,400	\$ 924,874	\$ 931,692	\$ 6,818
In Lieu Tax Payments	25,000	40,325	57,594	17,269
Excess Fees	31,000	83,557	83,557	
Intergovernmental	40,728	121,337	175,477	54,140
Charges for Services	200,000	200,000	203,912	3,912
Miscellaneous	55,737	55,737	54,922	(815)
Interest	181	181	322	141
Total Receipts	<u>1,276,046</u>	<u>1,426,011</u>	<u>1,507,476</u>	<u>81,465</u>
DISBURSEMENTS				
General Government	446,939	511,890	474,170	37,720
Protection to Persons and Property	14,782	25,321	142,319	(116,998)
General Health and Sanitation	297,412	291,224	393,421	(102,197)
Social Services	10,920	11,920	11,550	370
Debt Service	123,492	215,345	215,345	
Administration	455,600	452,643	370,119	82,524
Total Disbursements	<u>1,349,145</u>	<u>1,508,343</u>	<u>1,606,924</u>	<u>(98,581)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(73,099)</u>	<u>(82,332)</u>	<u>(99,448)</u>	<u>(17,116)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			279,141	279,141
Transfers From Other Funds	205,714	205,714	213,260	7,546
Transfers To Other Funds	<u>(332,615)</u>	<u>(332,615)</u>	<u>(282,630)</u>	<u>49,985</u>
Total Other Adjustments to Cash (Uses)	<u>(126,901)</u>	<u>(126,901)</u>	<u>209,771</u>	<u>336,672</u>
Net Change in Fund Balance	(200,000)	(209,233)	110,323	319,556
Fund Balance - Beginning	<u>200,000</u>	<u>261,812</u>	<u>279,479</u>	<u>17,667</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 52,579</u>	<u>\$ 389,802</u>	<u>\$ 337,223</u>

MENIFEE 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				
In Lieu Tax Payments	\$ 5,000	\$ 5,000	\$ 93,258	\$ 88,258
Intergovernmental	1,025,355	1,404,691	1,537,679	132,988
Miscellaneous	3,000	7,316	8,145	829
Interest	800	800	652	(148)
Total Receipts	<u>1,034,155</u>	<u>1,417,807</u>	<u>1,639,734</u>	<u>221,927</u>
DISBURSEMENTS				
General Government	100,000	100,000	100,000	
General Health and Sanitation	14,000	14,000	13,773	227
Roads	718,111	1,212,778	1,184,861	27,917
Debt Service	59,879	59,879	59,879	
Administration	254,451	288,986	268,219	20,767
Total Disbursements	<u>1,146,441</u>	<u>1,675,643</u>	<u>1,626,732</u>	<u>48,911</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(112,286)</u>	<u>(257,836)</u>	<u>13,002</u>	<u>270,838</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	18,000	18,000	130	(17,870)
Transfers To Other Funds	(205,714)	(205,714)	(213,260)	(7,546)
Total Other Adjustments to Cash (Uses)	<u>(187,714)</u>	<u>(187,714)</u>	<u>(213,130)</u>	<u>(25,416)</u>
Net Change in Fund Balance	(300,000)	(445,550)	(200,128)	245,422
Fund Balance - Beginning	<u>300,000</u>	<u>533,279</u>	<u>533,279</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 87,729</u>	<u>\$ 333,151</u>	<u>\$ 245,422</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 78,500	\$ 79,992	\$ 84,889	\$ 4,897
Charges for Services	500	500		(500)
Miscellaneous	500	500		(500)
Interest	15	15	18	3
Total Receipts	<u>79,515</u>	<u>81,007</u>	<u>84,907</u>	<u>3,900</u>
DISBURSEMENTS				
Protection to Persons and Property	233,491	239,433	182,052	57,381
Administration	41,024	42,667	31,380	11,287
Total Disbursements	<u>274,515</u>	<u>282,100</u>	<u>213,432</u>	<u>68,668</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(195,000)</u>	<u>(201,093)</u>	<u>(128,525)</u>	<u>72,568</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	195,000	195,000	130,000	(65,000)
Total Other Adjustments to Cash (Uses)	<u>195,000</u>	<u>195,000</u>	<u>130,000</u>	<u>(65,000)</u>
Net Change in Fund Balance		(6,093)	1,475	7,568
Fund Balance - Beginning		<u>6,093</u>	<u>6,093</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,568</u>	<u>\$ 7,568</u>

MENIFEE 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	\$ 100,000	\$ 189,056	\$ 140,145	\$ (48,911)
Interest	100	100	126	26
Total Receipts	100,100	189,156	140,271	(48,885)
DISBURSEMENTS				
General Government	2,680	5,773	4,441	1,332
Protection to Persons and Property	50,000	79,798	15,000	64,798
General Health and Sanitation		9,857	7,357	2,500
Social Services		57,250	54,176	3,074
Recreation and Culture		11,365	11,012	353
Administration	109,420	97,827		97,827
Total Disbursements	162,100	261,870	91,986	169,884
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(62,000)	(72,714)	48,285	120,999
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(18,000)	(18,000)		18,000
Total Other Adjustments to Cash (Uses)	(18,000)	(18,000)		18,000
Net Change in Fund Balance	(80,000)	(90,714)	48,285	138,999
Fund Balance - Beginning	80,000	90,714	90,714	
Fund Balance - Ending	\$ 0	\$ 0	\$ 138,999	\$ 138,999

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

	SENIOR CITIZENS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 500,000	\$ 629,204	\$ 910,296	\$ 281,092
Miscellaneous		20,000	55,800	35,800
Interest			3,366	3,366
Total Receipts	<u>500,000</u>	<u>649,204</u>	<u>969,462</u>	<u>320,258</u>
DISBURSEMENTS				
Social Services	500,000	1,029,699	934,698	95,001
Total Disbursements	<u>500,000</u>	<u>1,029,699</u>	<u>934,698</u>	<u>95,001</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(380,495)</u>	<u>34,764</u>	<u>415,259</u>
Other Adjustments to Cash (Uses)				
Borrowed Money		133,366		(133,366)
Total Other Adjustments to Cash (Uses)		<u>133,366</u>		<u>(133,366)</u>
Net Change in Fund Balance		(247,129)	34,764	281,893
Fund Balance - Beginning		<u>1</u>	<u>130,000</u>	<u>129,999</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (247,128)</u>	<u>\$ 164,764</u>	<u>\$ 411,892</u>

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

	PARKS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 6,000	\$ 6,204	\$ 11,834	\$ 5,630
Miscellaneous	3,200	10,402	10,258	(144)
Interest	3	3	4	1
Total Receipts	<u>9,203</u>	<u>16,609</u>	<u>22,096</u>	<u>5,487</u>
DISBURSEMENTS				
Recreation and Culture	28,200	36,600	31,267	5,333
Administration	6,003	16,485	3,297	13,188
Total Disbursements	<u>34,203</u>	<u>53,085</u>	<u>34,564</u>	<u>18,521</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(36,476)</u>	<u>(12,468)</u>	<u>24,008</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>(10,000)</u>
Total Other Adjustments to Cash (Uses)	<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>(10,000)</u>
Net Change in Fund Balance	(5,000)	(16,476)	(2,468)	14,008
Fund Balance - Beginning	<u>5,000</u>	<u>16,476</u>	<u>16,476</u>	<u>16,476</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,008</u>	<u>\$ 14,008</u>

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

	BUILDING COMMISSION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 52,000	\$ 52,000	\$ 52,260	\$ 260
Total Receipts	<u>52,000</u>	<u>52,000</u>	<u>52,260</u>	<u>260</u>
DISBURSEMENTS				
General Government	33,700	50,432	49,948	484
Debt Service	15,125	15,125	14,925	200
Administration	10,175	1,879	1,879	
Total Disbursements	<u>59,000</u>	<u>67,436</u>	<u>66,752</u>	<u>684</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,000)</u>	<u>(15,436)</u>	<u>(14,492)</u>	<u>944</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			20,000	20,000
Total Other Adjustments to Cash (Uses)			<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balance	(7,000)	(15,436)	5,508	20,944
Fund Balance - Beginning	<u>7,000</u>	<u>10,256</u>	<u>10,256</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (5,180)</u>	<u>\$ 15,764</u>	<u>\$ 20,944</u>

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

	DEBT SERVICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 4	\$ 4	\$ 3	\$ (1)
Total Receipts	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>
DISBURSEMENTS				
Administration	1,871	1,874		1,874
Total Disbursements	<u>1,871</u>	<u>1,874</u>		<u>1,874</u>
Net Change in Fund Balance	(1,867)	(1,870)	3	1,873
Fund Balance - Beginning	<u>1,867</u>	<u>1,870</u>	<u>1,870</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,873</u>	<u>\$ 1,873</u>

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

	WELLNESS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 500	\$ 1,615	\$ 2,080	\$ 465
Interest	1	1	1	
Total Receipts	<u>501</u>	<u>1,616</u>	<u>2,081</u>	<u>465</u>
DISBURSEMENTS				
Recreation and Culture	4,200	5,527	4,404	1,123
Administration	1,501	1,365		1,365
Total Disbursements	<u>5,701</u>	<u>6,892</u>	<u>4,404</u>	<u>2,488</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,200)</u>	<u>(5,276)</u>	<u>(2,323)</u>	<u>2,953</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	5,000	5,000	2,500	(2,500)
Total Other Adjustments to Cash (Uses)	<u>5,000</u>	<u>5,000</u>	<u>2,500</u>	<u>(2,500)</u>
Net Change in Fund Balance	(200)	(276)	177	453
Fund Balance - Beginning	<u>200</u>	<u>276</u>	<u>275</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 452</u>	<u>\$ 452</u>

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

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 61,000	\$ 61,000	\$ 57,893	\$ (3,107)
Intergovernmental	90,000	90,000	89,045	(955)
Miscellaneous			15,070	15,070
Interest	10	10	11	1
Total Receipts	<u>151,010</u>	<u>151,010</u>	<u>162,019</u>	<u>11,009</u>
DISBURSEMENTS				
Protection to Persons and Property	188,897	194,847	189,042	5,805
Administration	74,728	88,599	84,373	4,226
Total Disbursements	<u>263,625</u>	<u>283,446</u>	<u>273,415</u>	<u>10,031</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(112,615)</u>	<u>(132,436)</u>	<u>(111,396)</u>	<u>21,040</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	112,615	112,615	120,000	7,385
Total Other Adjustments to Cash (Uses)	<u>112,615</u>	<u>112,615</u>	<u>120,000</u>	<u>7,385</u>
Net Change in Fund Balance		(19,821)	8,604	28,425
Fund Balance - Beginning		<u>19,821</u>	<u>19,821</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,425</u>	<u>\$ 28,425</u>

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

	HEALTH TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 150,700	\$ 150,700	\$ 141,637	\$ (9,063)
Intergovernmental	1,300	1,300	3,836	2,536
Miscellaneous	6,000	6,000	11,501	5,501
Interest	225	225	139	(86)
Total Receipts	<u>158,225</u>	<u>158,225</u>	<u>157,113</u>	<u>(1,112)</u>
DISBURSEMENTS				
General Health and Sanitation	162,244	171,199	132,067	39,132
Debt Service	23,000	24,257	23,281	976
Administration	122,981	485		485
Total Disbursements	<u>308,225</u>	<u>195,941</u>	<u>155,348</u>	<u>40,593</u>
Net Change in Fund Balance	(150,000)	(37,716)	1,765	39,481
Fund Balance - Beginning	<u>150,000</u>	<u>149,716</u>	<u>149,716</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 112,000</u>	<u>\$ 151,481</u>	<u>\$ 39,481</u>

MENIFEE 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.

Note 2. Excess of Disbursements Over Appropriations

Protection to persons and property and general health and sanitation, both from the general fund, exceeded budgeted appropriations by \$116,998 and \$102,197, respectively, due to Menifee County not budgeting the disbursement of financing obligation proceeds for an ambulance and a garbage truck.

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

MENIFEE 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 (*Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 539,978	\$	\$	\$ 539,978
Construction In Progress	93,280	934,699		1,027,979
Buildings	6,246,153			6,246,153
Furniture and Office Equipment	128,888	31,796		160,684
Machinery and Equipment*	810,527	168,318		978,845
Vehicles	841,182	10,500	67,500	784,182
Infrastructure	3,179,238	659,525		3,838,763
 Total Capital Assets	 \$ 11,839,246	 \$ 1,804,838	 \$ 67,500	 \$ 13,576,584

MENIFEE 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	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Prior Period Adjustments

The beginning balance for machinery and equipment was restated and decreased by \$16,749 due to equipment that was retired in previous years.

MENIFEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MENIFEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U. S. Department of Agriculture</u>			
<i>Direct Program</i>			
Community Facilities Loans and Grants	10.766	n/a	\$ 50,000
Total U.S. Department of Agriculture			<u>50,000</u>
<u>U. S Department of Housing and Urban Development</u>			
<i>Passed-Through State Department for Local Government:</i>			
Community Development Block Grants/State's Program	14.228	12-020	368,739
Total U.S. Department of Housing and Urban Development			<u>368,739</u>
<u>Appalachian Regional Commission</u>			
<i>Passed-Through State Department for Local Government:</i>			
Appalachian Area Development	23.002	KY-17644-214-13	** 541,557
Total Appalachian Regional Commission			<u>541,557</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed-Through State Department of Military Affairs:</i>			
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4216-KY	16,021
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4218-KY	26,212
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4239-KY	25,246
<i>Passed-Through State Office of Homeland Security:</i>			
Homeland Security Grant Program	97.067	15-004	30,000
Total U.S. Department of Homeland Security			<u>97,479</u>
Total Expenditures of Federal Awards			<u>\$1,057,775</u>

** Tested as Major Program

MENIFEE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2016

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Menifee County, Kentucky under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Menifee County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Menifee County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Menifee County Fiscal Court has not adopted an indirect cost rate.

**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***



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Rick Stiltner, Menifee County Judge/Executive
Members of the Menifee 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 Menifee County Fiscal Court for the fiscal year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Menifee County Fiscal Court's financial statement and have issued our report thereon dated July 5, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Menifee County Fiscal Court's internal control over financial reporting (internal control) to determine the 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 Menifee County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Menifee 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We identified a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as item 2016-001.



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 Menifee 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Views of Responsible Officials and Planned Corrective Action

Menifee County's views and planned corrective action for the finding identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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,



Mike Harmon
Auditor of Public Accounts

July 5, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Rick Stiltner, Menifee County Judge/Executive
Members of the Menifee County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Menifee County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Menifee County Fiscal Court's major federal programs for the year ended June 30, 2016. The Menifee County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Menifee County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Menifee County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Menifee County Fiscal Court's compliance.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Opinion on Each Major Federal Program

In our opinion, the Menifee County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Menifee County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Menifee County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Menifee County Fiscal Court's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

July 5, 2017

**MENIFEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2016

**MENIFEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2016

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis.

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: <i>Unmodified</i>		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
23.002	Appalachian Area Development

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

MENIFEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2016
(Continued)

Section II: Financial Statement Findings

2016-001 The Fiscal Court Lacks Adequate Controls Over Swimming Pool Revenues

This is a repeat finding that was included in the prior year report as finding 2015-003. We found that the fiscal court does not have adequate controls over swimming pool revenues. Deposits are not made daily. There are no procedures in place to ensure the amount of revenues collected is deposited intact. Although triplicate receipts are prepared for admissions, they are not attached to the daily check-out sheets for reconciliation. As a result, misappropriation of receipts could occur and not be detected timely. The Uniform System of Accounts, as adopted under KRS 68.210, require deposits to be made daily. Also, internal controls should be in place to determine that all swimming pool revenues are deposited and that receipts are issued and reconciled to the daily check-out sheets. We recommend the fiscal court improve controls over swimming pool revenues and ensure that deposits are made daily.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Process will be put in place to reconcile all revenue collected from pool admissions and concessions on a daily basis.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

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

MENIFEE COUNTY FISCAL COURT

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

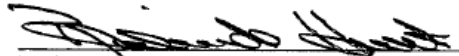
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
MENIFEE COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2016

The Menifee 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.



Rick Stiltner
County Judge/Executive



Belinda Hurt
County Treasurer

