

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

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



**MIKE HARMON
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EXECUTIVE SUMMARY
AUDIT OF THE
ROWAN COUNTY FISCAL COURT

June 30, 2016

The Auditor of Public Accounts has completed the audit of the Rowan 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 Rowan County Fiscal Court.

Financial Condition:

The Rowan County Fiscal Court had total receipts of \$10,908,873 and disbursements of \$15,803,097 in fiscal year 2016. This resulted in a total ending fund balance of \$16,082,412, which is an increase of \$13,788,670 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 Walter "Doc" Blevins, Rowan County Judge/Executive
Members of the Rowan 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 Rowan County Fiscal Court, for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Rowan 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 Rowan 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 Rowan 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 Rowan 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 Rowan County Fiscal Court. The Budgetary Comparison Schedules and the 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 Schedule and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017, on our consideration of the Rowan 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 Rowan County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

June 13, 2017

ROWAN COUNTY OFFICIALS

For The Year Ended June 30, 2016

Fiscal Court Members:

Walter "Doc" Blevins	County Judge/Executive
Ray White	Magistrate
Darrell Glover	Magistrate
Stanley Messer	Magistrate
Charlie Winkleman	Magistrate

Other Elected Officials:

Cecil Watkins	County Attorney
Wes Coldiron	Jailer
Kim Davis	County Clerk
Jim Barker	Circuit Court Clerk
Matt Sparks	Sheriff
Carmen Eldridge-Black	Property Valuation Administrator
John P. Northcutt	Coroner

Appointed Personnel:

Kerry M. Jessee	County Treasurer
Joan Becraft	Occupational Tax Collector

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

For The Year Ended June 30, 2016

ROWAN 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	\$ 4,628,041	\$	\$	\$
In Lieu Tax Payments	130,910	122,647		
Excess Fees	166,679			
Licenses and Permits	144,127			
Intergovernmental	457,418	1,906,100	456,561	52,413
Charges for Services			177,685	
Miscellaneous	44,536	8,136	23,212	
Interest	6,271	828	3,630	102
Total Receipts	<u>5,577,982</u>	<u>2,037,711</u>	<u>661,088</u>	<u>52,515</u>
DISBURSEMENTS				
General Government	1,419,700			
Protection to Persons and Property	319,479		1,299,736	
General Health and Sanitation	322,304			
Social Services	18,455			
Recreation and Culture	143,960			
Roads		1,948,407		
Airports	10,000			
Bus Services	26,642			
Debt Service	51,855	22,888	36,438	
Capital Projects			2,070,535	30,050
Administration	1,104,148	436,955	364,186	
Total Disbursements	<u>3,416,543</u>	<u>2,408,250</u>	<u>3,770,895</u>	<u>30,050</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,161,439</u>	<u>(370,539)</u>	<u>(3,109,807)</u>	<u>22,465</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds			3,000,000	
Reoffering Premium				
Underwriter's Discount				
Transfers From Other Funds		295,000	1,179,600	
Transfers To Other Funds	(1,909,559)		(1,012,993)	
Total Other Adjustments to Cash (Uses)	<u>(1,909,559)</u>	<u>295,000</u>	<u>3,166,607</u>	
Net Change in Fund Balance	251,880	(75,539)	56,800	22,465
Fund Balance - Beginning (Restated)	2,014,405	76,534	29,958	35,249
Fund Balance - Ending	<u>\$ 2,266,285</u>	<u>\$ 995</u>	<u>\$ 86,758</u>	<u>\$ 57,714</u>
Composition of Fund Balance				
Bank Balance	\$ 2,347,578	\$ 1,012	\$ 98,500	\$ 57,714
Less: Outstanding Checks	(81,293)	(17)	(11,742)	
Fund Balance - Ending	<u>\$ 2,266,285</u>	<u>\$ 995</u>	<u>\$ 86,758</u>	<u>\$ 57,714</u>

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

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

Budgeted Funds			Unbudgeted Funds			
State Grants Fund	Ambulance Fund	Forest Fire Fund	Jail Construction Fund	Public Properties Corporation Fund	Jail Commissary Fund	Total Funds
\$	\$	\$ 1,159	\$	\$	\$	\$ 4,629,200
						253,557
						166,679
						144,127
16,500	198,000			899,893		3,986,885
	1,328,391					1,506,076
	9,509				125,947	211,340
	178					11,009
<u>16,500</u>	<u>1,536,078</u>	<u>1,159</u>		<u>899,893</u>	<u>125,947</u>	<u>10,908,873</u>
						1,419,700
	1,162,332	2,551				2,784,098
17,706						340,010
						18,455
					48,996	192,956
						1,948,407
						10,000
						26,642
	73,195		3,005,363	1,171,252		4,360,991
						2,100,585
	549,229		144,535	2,200		2,601,253
<u>17,706</u>	<u>1,784,756</u>	<u>2,551</u>	<u>3,149,898</u>	<u>1,173,452</u>	<u>48,996</u>	<u>15,803,097</u>
(1,206)	(248,678)	(1,392)	(3,149,898)	(273,559)	76,951	(4,894,224)
			15,000,000			18,000,000
			833,194			833,194
			(150,300)			(150,300)
	230,000	1,400	1,012,993	273,559		2,992,552
					(70,000)	(2,992,552)
	<u>230,000</u>	<u>1,400</u>	<u>16,695,887</u>	<u>273,559</u>	<u>(70,000)</u>	<u>18,682,894</u>
(1,206)	(18,678)	8	13,545,989		6,951	13,788,670
19,720	111,580	50			6,246	2,293,742
<u>\$ 18,514</u>	<u>\$ 92,902</u>	<u>\$ 58</u>	<u>\$ 13,545,989</u>	<u>\$ 0</u>	<u>\$ 13,197</u>	<u>\$ 16,082,412</u>
\$ 18,514	\$ 94,539	\$ 58	\$ 13,545,989	\$	\$ 13,350	\$ 16,177,254
	(1,637)				(153)	(94,842)
<u>\$ 18,514</u>	<u>\$ 92,902</u>	<u>\$ 58</u>	<u>\$ 13,545,989</u>	<u>\$ 0</u>	<u>\$ 13,197</u>	<u>\$ 16,082,412</u>

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

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TO THE FINANCIAL STATEMENT**

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ROWAN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

ROWAN 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.

State Grants Funds - 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.

Ambulance Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary sources of receipts for this fund are state grants.

Forest Fire Fund - The primary purpose of this fund is to account for forest fire tax proceeds and remittance to the state.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Jail Construction Fund - The primary purpose of this fund is to account for the proceeds of the general obligation bonds issued to finance the construction of the Rowan County Detention Center.

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 public buildings.

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

D. Budgetary Information

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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 Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Rowan County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Rowan 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 Rowan 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.

ROWAN 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	Jail Fund	Jail Commissary Fund	Total Transfers In
Road Fund	\$ 295,000	\$	\$	\$ 295,000
Jail Fund	1,109,600		70,000	1,179,600
Ambulance Fund	230,000			230,000
Forest Fire Fund	1,400			1,400
Jail Construction Fund		1,012,993		1,012,993
Public Properties Corporation Fund	273,559			273,559
Total Transfers Out	\$ 1,909,559	\$ 1,012,993	\$ 70,000	\$ 2,992,552

Reason for transfers:

To move resources from 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 \$46,259.

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

Note 5. Short-term Debt

A. General Obligation Anticipation Notes, Series 2015

On August 25, 2015, Rowan County issued general obligation anticipation notes in the amount of \$3,000,000 to finance the beginning phases of construction of a new Rowan County Detention Facility. The anticipation notes were issued with an interest rate of 1.65%. The notes were retired on June 29, 2016 with the issuance of general obligation bonds.

B. Changes In Short-term Debt

Short-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 Bond Anticipation Notes	\$	\$ 3,000,000	\$ 3,000,000	\$	\$
Total Short-term Debt	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 0	\$ 0

Note 6. Long-term Debt

A. First Mortgage Revenue Bonds - Judicial Building

On July 1, 2009, Rowan County issued \$12,080,000 of first mortgage revenue bonds for the construction of a judicial building. The bonds require the semiannual interest and principal payments be made on February 1 and August 1 of each year commencing on February 1, 2010. One principal payment will be due on August 1 of each year commencing August 1, 2011. The agreement has a variable interest rate of 2.00 to 4.25 percent. The bonds will mature August 1, 2028. As of June 30, 2016, the principal amount outstanding was \$9,055,000. Payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 550,000	\$ 346,418
2018	570,000	329,048
2019	590,000	309,898
2020	610,000	288,888
2021	630,000	288,888
2022-2026	3,565,000	1,946,949
2027-2029	2,540,000	165,113
Totals	\$ 9,055,000	\$ 3,675,202

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

Note 6. Long-term Debt (Continued)

B. General Obligation Bonds - Administrative Building

On January 5, 2010, Rowan County issued \$3,995,000 of general obligation bonds for the building of a new administration building. The bonds require the semiannual interest and principal payments be made on June 1 and December 1 of each year commencing on June 1, 2010. One principal payment will be due on December 1 of each year commencing December 1, 2011. The agreement has a variable interest rate of 1.75 to 4.625 percent. The bonds will mature December 1, 2029. As of June 30, 2016, the principal amount outstanding was \$1,880,000. Payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Interest
2017	\$ 100,000	\$ 79,858
2018	105,000	76,190
2019	110,000	72,077
2020	115,000	67,631
2021	115,000	62,959
2022-2026	675,000	230,656
2027-2030	660,000	62,669
Totals	<u>\$ 1,880,000</u>	<u>\$ 652,040</u>

C. General Obligation Bonds - Old Courthouse Renovation

On October 11, 2006, Rowan County issued \$675,000 of general obligation improvement bonds for the renovation of the old courthouse. The bonds require the semiannual interest and principal payments to be made on May 1 and November 1 of each year commencing on November 1, 2007. The agreement has an interest rate of 4.2 percent. The bonds will be paid in full through the general obligation bond issue (Note 5D) as of November 1, 2016. As of June 30, 2016, the principal amount outstanding was \$30,000. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 30,000	\$ 630
Totals	<u>\$ 30,000</u>	<u>\$ 630</u>

D. General Obligation Bonds - Old Courthouse Refinance

On April 24, 2013, Rowan County issued \$1,190,000 of general obligation refunding bonds for the refinancing of the old courthouse renovation bonds and old courthouse restoration lease. The bonds require semiannual interest and principal payments to be made on November 1 and May 1 of each year, commencing on November 1, 2013. The agreement has a variable interest rate of 1.0 to 2.65 percent. The bonds will mature November 1, 2026. As of June 30, 2016, the principal amount outstanding was \$1,065,000. Payments for the remaining years are:

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

Note 6. Long-term Debt (Continued)

D. General Obligation Bonds - Old Courthouse Refinance (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 75,000	\$ 19,778
2018	110,000	18,853
2019	105,000	17,777
2020	110,000	16,345
2021	115,000	14,489
2022-2026	505,000	34,259
2027	45,000	596
Totals	<u>\$ 1,065,000</u>	<u>\$ 122,097</u>

E. General Obligation Bonds, Series 2016 - Detention Facility

On June 29, 2016, Rowan County issued general obligation bonds in the amount of \$15,000,000 to finance the construction of the Rowan County Detention Facility and to retire the 2015 bond anticipation notes (Note 5A). The bonds have interest rates from two percent to four percent with a retirement date of June 30, 2036. The principal balance as of June 30, 2016, was \$15,000,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 300,000	\$ 455,399
2018	565,000	481,806
2019	585,000	459,206
2020	610,000	435,806
2021	625,000	417,506
2022-2026	3,455,000	1,766,981
2027-2031	4,075,000	1,153,838
2031-2036	4,785,000	439,200
Totals	<u>\$ 15,000,000</u>	<u>\$ 5,609,742</u>

F. Financing Obligation - Dump Trucks

In March 2009, Rowan County entered into a \$153,700 lease agreement with Kentucky Association of Counties Leasing Trust for the purchase of dump trucks. The lease requires monthly interest and principal payments to be made commencing August 20, 2009. The agreement has a variable interest rate. As of June 30, 2016, the principal amount outstanding was \$22,018. Payments for the remaining years are as follows:

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

Note 6. Long-term Debt (Continued)

F. Financing Obligation - Dump Trucks (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 22,018	\$ 771
Totals	\$ 22,018	\$ 771

G. Financing Obligation - Administration Building Completion

On July 13, 2011, Rowan County entered into a \$154,914 lease agreement with a bank to finish the construction of the new administration building. The lease requires annual interest and principal payments to be made on February 1 and August 1 of each year commencing February 1, 2012. The agreement has an interest rate of 3.42 percent. As of June 30, 2016, the principal amount outstanding was \$91,906. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 17,146	\$ 2,655
2018	17,742	2,051
2019	18,360	1,427
2020	18,998	781
2021	19,660	112
Totals	\$ 91,906	\$ 7,026

H. Financing Obligation - Ambulances

On August 9, 2012, Rowan County entered into a \$337,915 lease agreement with Kentucky Association of Counties Leasing Trust for the purchase of ambulances. The lease requires semiannual interest and principal payments to be made commencing January 20, 2013. The agreement has a fixed interest rate of 2.64 percent. As of June 30, 2016, the principal amount outstanding was \$106,036. Payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2017	\$ 70,226	\$ 2,694
2018	35,810	544
Totals	\$ 106,036	\$ 3,238

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

Note 6. Long-term Debt (Continued)

I. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 9,590,000	\$	\$ 535,000	\$ 9,055,000	\$ 550,000
General Obligation Bonds	3,175,000	15,000,000	200,000	17,975,000	505,000
Financing Obligations	326,147		106,187	219,960	109,390
	<u>\$ 13,091,147</u>	<u>\$ 15,000,000</u>	<u>\$ 841,187</u>	<u>\$ 27,249,960</u>	<u>\$ 1,164,390</u>
Total Long-term Debt	<u>\$ 13,091,147</u>	<u>\$ 15,000,000</u>	<u>\$ 841,187</u>	<u>\$ 27,249,960</u>	<u>\$ 1,164,390</u>

Note 7. Commitments and Contingencies

The county is involved in five lawsuits concerning marriage licenses. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 8. Employee Retirement System

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.

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

Note 8. Employee Retirement System (Continued)

The county's contribution for FY 2014 was \$818,334, FY 2015 was \$726,490, and FY 2016 was \$745,412.

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.

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.

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

Note 9. Deferred Compensation

The Rowan 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 10. Health Reimbursement Account

The Rowan County Fiscal Court established a health reimbursement account to provide employees an additional health benefit for employees that waive their health insurance coverage. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$2,500 each year to pay for qualified medical expenses.

Note 11. Insurance

For the fiscal year ended June 30, 2016, the Rowan 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 12. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to St. Claire Regional Medical Center 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 Rowan 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.

Note 13. Prior Period Adjustments

The beginning balances of the general fund and ambulance fund were restated and increased by \$36 and \$542, respectively, due to prior year voided checks.

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ROWAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

ROWAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	\$ 4,120,000	\$ 4,120,000	\$ 4,628,041	\$ 508,041
In Lieu Tax Payments	90,000	90,000	130,910	40,910
Excess Fees	57,004	166,679	166,679	
Licenses and Permits	117,100	117,100	144,127	27,027
Intergovernmental	349,060	539,870	457,418	(82,452)
Miscellaneous	70,400	70,400	44,536	(25,864)
Interest	3,000	3,000	6,271	3,271
Total Receipts	<u>4,806,564</u>	<u>5,107,049</u>	<u>5,577,982</u>	<u>470,933</u>
DISBURSEMENTS				
General Government	1,472,589	1,543,044	1,419,700	123,344
Protection to Persons and Property	263,831	351,919	319,479	32,440
General Health and Sanitation	295,863	357,697	322,304	35,393
Social Services	19,000	19,800	18,455	1,345
Recreation and Culture	142,500	143,960	143,960	
Airports	10,000	10,000	10,000	
Bus Services	26,262	26,642	26,642	
Debt Service	325,257	325,415	51,855	273,560
Capital Projects	2,000	1,620		1,620
Administration	1,108,800	1,190,930	1,104,148	86,782
Total Disbursements	<u>3,666,102</u>	<u>3,971,027</u>	<u>3,416,543</u>	<u>554,484</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,140,462</u>	<u>1,136,022</u>	<u>2,161,439</u>	<u>1,025,417</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	<u>(1,700,062)</u>	<u>(1,700,062)</u>	<u>(1,909,559)</u>	<u>(209,497)</u>
Total Other Adjustments to Cash (Uses)	<u>(1,700,062)</u>	<u>(1,700,062)</u>	<u>(1,909,559)</u>	<u>(209,497)</u>
Net Change in Fund Balance	(559,600)	(564,040)	251,880	815,920
Fund Balance - Beginning (Restated)	<u>559,600</u>	<u>597,600</u>	<u>2,014,405</u>	<u>1,416,805</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 33,560</u>	<u>\$ 2,266,285</u>	<u>\$ 2,232,725</u>

ROWAN 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	\$ 130,000	\$ 130,000	\$ 122,647	\$ (7,353)
Intergovernmental	1,510,591	1,887,170	1,906,100	18,930
Miscellaneous	2,000	6,300	8,136	1,836
Interest	1,000	1,000	828	(172)
Total Receipts	<u>1,643,591</u>	<u>2,024,470</u>	<u>2,037,711</u>	<u>13,241</u>
DISBURSEMENTS				
Roads	1,456,534	1,971,641	1,948,407	23,234
Debt Service	22,888	22,888	22,888	
Administration	471,100	446,966	436,955	10,011
Total Disbursements	<u>1,950,522</u>	<u>2,441,495</u>	<u>2,408,250</u>	<u>33,245</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(306,931)</u>	<u>(417,025)</u>	<u>(370,539)</u>	<u>46,486</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	286,931	286,931	295,000	8,069
Total Other Adjustments to Cash (Uses)	<u>286,931</u>	<u>286,931</u>	<u>295,000</u>	<u>8,069</u>
Net Change in Fund Balance	(20,000)	(130,094)	(75,539)	54,555
Fund Balance - Beginning	<u>20,000</u>	<u>96,534</u>	<u>76,534</u>	<u>(20,000)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (33,560)</u>	<u>\$ 995</u>	<u>\$ 34,555</u>

ROWAN 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	\$ 362,607	\$ 432,258	\$ 456,561	\$ 24,303
Charges for Services	165,000	167,387	177,685	10,298
Miscellaneous	18,000	18,533	23,212	4,679
Interest Earned	100	1,617	3,630	2,013
Total Receipts	<u>545,707</u>	<u>619,795</u>	<u>661,088</u>	<u>41,293</u>
DISBURSEMENTS				
Protection to Persons and Property	1,256,100	1,327,467	1,299,736	27,731
Debt Service		36,438	36,438	
Capital Projects	100,000	3,085,628	2,070,535	1,015,093
Administration	366,600	350,713	347,686	3,027
Total Disbursements	<u>1,722,700</u>	<u>4,800,246</u>	<u>3,754,395</u>	<u>1,045,851</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,176,993)</u>	<u>(4,180,451)</u>	<u>(3,093,307)</u>	<u>1,087,144</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,166,993	1,166,993	1,179,600	12,607
Transfers To Other Funds			(1,012,993)	(1,012,993)
Bond Proceeds		2,983,500	2,983,500	
Total Other Adjustments to Cash (Uses)	<u>1,166,993</u>	<u>4,150,493</u>	<u>3,150,107</u>	<u>12,607</u>
Net Change in Fund Balance	(10,000)	(29,958)	56,800	86,758
Fund Balance - Beginning	<u>10,000</u>	<u>29,958</u>	<u>29,958</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,758</u>	<u>\$ 86,758</u>

ROWAN 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	\$ 15,000	\$ 42,722	\$ 52,413	\$ 9,691
Interest	50	50	102	52
Total Receipts	<u>15,050</u>	<u>42,772</u>	<u>52,515</u>	<u>9,743</u>
DISBURSEMENTS				
Roads	10,000	10,000		10,000
Capital Projects	30,050	68,021	30,050	37,971
Total Disbursements	<u>40,050</u>	<u>78,021</u>	<u>30,050</u>	<u>47,971</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(35,249)</u>	<u>22,465</u>	<u>57,714</u>
Net Change in Fund Balance	(25,000)	(35,249)	22,465	57,714
Fund Balance - Beginning	<u>25,000</u>	<u>35,249</u>	<u>35,249</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,714</u>	<u>\$ 57,714</u>

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

	STATE GRANTS FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 10,500	\$ 16,500	\$ 16,500	\$
Total Receipts	<u>10,500</u>	<u>16,500</u>	<u>16,500</u>	<u>\$</u>
DISBURSEMENTS				
General Health and Sanitation	20,500	36,220	17,706	18,514
Total Disbursements	<u>20,500</u>	<u>36,220</u>	<u>17,706</u>	<u>18,514</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,000)</u>	<u>(19,720)</u>	<u>(1,206)</u>	<u>18,514</u>
Net Change in Fund Balance	(10,000)	(19,720)	(1,206)	18,514
Fund Balance - Beginning	<u>10,000</u>	<u>19,720</u>	<u>19,720</u>	<u>\$</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,514</u>	<u>\$ 18,514</u>

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

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 198,000	\$ 198,000	\$ 198,000	\$
Charges for Services	1,300,000	1,300,000	1,328,391	28,391
Miscellaneous	1,000	9,373	9,509	136
Interest	100	100	178	78
Total Receipts	<u>1,499,100</u>	<u>1,507,473</u>	<u>1,536,078</u>	<u>28,605</u>
DISBURSEMENTS				
Protection to Persons and Property	1,090,848	1,180,143	1,162,332	17,811
Debt Service	73,196	73,196	73,195	1
Administration	610,200	564,316	549,229	15,087
Total Disbursements	<u>1,774,244</u>	<u>1,817,655</u>	<u>1,784,756</u>	<u>32,899</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(275,144)</u>	<u>(310,182)</u>	<u>(248,678)</u>	<u>61,504</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	245,144	245,144	230,000	(15,144)
Total Other Adjustments to Cash (Uses)	<u>245,144</u>	<u>245,144</u>	<u>230,000</u>	<u>(15,144)</u>
Net Change in Fund Balance	(30,000)	(65,038)	(18,678)	46,360
Fund Balance - Beginning (Restated)	<u>30,000</u>	<u>65,038</u>	<u>111,580</u>	<u>46,542</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 92,902</u>	<u>\$ 92,902</u>

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

FOREST FIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,000	\$ 1,000	\$ 1,159	\$ 159
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>1,159</u>	<u>159</u>
DISBURSEMENTS				
Protection to Persons and Property	2,552	2,552	2,551	1
Total Disbursements	<u>2,552</u>	<u>2,552</u>	<u>2,551</u>	<u>1</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,552)</u>	<u>(1,552)</u>	<u>(1,392)</u>	<u>160</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,552	1,552	1,400	(152)
Total Other Adjustments to Cash (Uses)	<u>1,552</u>	<u>1,552</u>	<u>1,400</u>	<u>(152)</u>
Net Change in Fund Balance			8	8
Fund Balance - Beginning			<u>50</u>	<u>50</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58</u>	<u>\$ 58</u>

ROWAN 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. Reconciliation of the Jail Fund

Administration - Budgetary Basis	\$ 347,686
To adjust for Cost of Issuance Fees relating to Bond Anticipation Notes, Series 2015	<u>16,500</u>
Total Administration-Regulatory Basis	<u>\$ 364,186</u>
Bond Proceeds-Budgetary Basis	\$ 2,983,500
To adjust for Cost of Issuance Fees relating to Bond Anticipation Notes, Series 2015	<u>16,500</u>
Total Bond Proceeds-Regulatory Basis	<u><u>\$ 3,000,000</u></u>

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

ROWAN 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	\$ 5,224,111	\$ 702,705	\$	\$ 5,926,816
Construction In Progress		1,367,830		1,367,830
Buildings	20,838,977			20,838,977
Machinery and Equipment	2,704,421	81,594		2,786,015
Vehicles	1,787,490	54,124		1,841,614
Infrastructure	6,154,926	818,097		6,973,023
Total Capital Assets	<u>\$ 36,709,925</u>	<u>\$ 3,024,350</u>	<u>\$ 0</u>	<u>\$ 39,734,275</u>

ROWAN 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
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Walter "Doc" Blevins, Rowan County Judge/Executive
Members of the Rowan 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 Rowan County Fiscal Court for the fiscal year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Rowan County Fiscal Court's financial statement and have issued our report thereon dated June 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Rowan 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 Rowan County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rowan 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 Rowan County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

June 13, 2017

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


ROWAN COUNTY FISCAL COURT

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

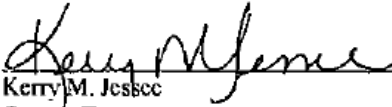
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
ROWAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2016

The Rowan 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.



Walter "Doc" Blevins
County Judge/Executive



Kerry M. Jesse
County Treasurer

