

**MARSHALL COUNTY REFUSE
DISPOSAL DISTRICT**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
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JUNE 30, 2016

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504 Maple Street
Murray, KY 42071

PIERCE • KELLER & ASSOCIATES PLLC

Michael D. Pierce, CPA, CFP®, PFS
Julie A. Keller, CPA
Nathan L. Crafton, CPA

PHONE: 270.753.0274
FAX: 270.753.0275
EMAIL: info@piercecpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marshall County Refuse Disposal District
Benton, Kentucky

Report on the Financial Statements

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balance – Regulatory Basis of the Marshall County Refuse Disposal District for the year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Marshall County Refuse Disposal District'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. 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.



CERTIFIED PUBLIC ACCOUNTANTS

Auditor's Responsibility (Continued)

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

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

As described more fully in Note 1 of the financial statement, the financial statement is prepared by the Marshall County Refuse Disposal District 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 variance 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 Marshall County Refuse Disposal District as of June 30, 2016, or changes in financial position or cash flows therefore 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 balance of the Marshall County Refuse Disposal District as of June 30, 2016, and its 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 as a whole of Marshall County Refuse Disposal District. The budgetary comparison schedule and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

Other Matters (Continued)

Supplementary Information (Continued)

The accompanying budgetary comparison schedule and capital assets 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 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 schedule and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the Marshall County Refuse Disposal District'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 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 Marshall County Refuse Disposal District's internal control over financial reporting and compliance.

Pierce, Keller & Associates, P.C.

Murray, Kentucky
March 13, 2017

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2016

Danny Newton	Chairperson
Donald Copeland	Board Member
Bob Barnett	Board Member
Marvin Stokes	Board Member

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund
RECEIPTS	
Taxes	\$ 1,773,618
Recycling Income	32,764
Intergovernmental Revenue -	
Litter Abatement	48,875
Grant Funds	104,805
Interest	9,530
Miscellaneous	9,544
Total Receipts	1,979,136
DISBURSEMENTS	
Payroll and Related Taxes	863,346
Commissioner Fees	24,000
Maintenance and Supplies	79,298
Gas and Oil	68,759
Utilities and Telephone	23,367
Waste Disposal Contracts	271,490
Employee Uniforms	1,224
Legal and Professional	8,094
Physicals and Medical	385
Dumpster Site Lease	8,500
Employee Retirement	107,555
Health Insurance	132,040
Liability Insurance	44,617
Workers Compensation Insurance	53,307
Office Supplies	1,108
Travel	794
Equipment Rental	7,774
Interest - <i>Equip Leases</i>	10,041
Miscellaneous	5,877
Debt Service	87,908
Capital Outlay	131,465
Total Disbursements	1,930,949
Net Change in Fund Balance	48,187
Fund Balance - Beginning (Restated)	797,863
Fund Balance - Ending	\$ 846,050
Composition of Fund Balance	
Bank Balance	\$ 878,505
Less: Outstanding Checks	(32,455)
Fund Balance - Ending	\$ 846,050

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Marshall County Refuse Disposal District includes all budgeted and unbudgeted funds of the Marshall County Refuse Disposal District (District). Budgeted funds included within the reporting entity are those funds presented in the District's approved annual budget and reported to the Marshall County Fiscal Court. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the District's control. Unbudgeted funds may also include any corporation to act as the District in the acquisition and financing of any public project which may be undertaken by the District pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the District. The unbudgeted funds are not presented in the annual approved budgets. For the year ended June 30, 2016, the District is not presenting any unbudgeted funds.

The Marshall County Refuse Disposal District is a component unit of the Marshall County Fiscal Court and would be subject to inclusion in the Marshall County Fiscal Court's financial statement under accounting principles generally accepted in the United States of America (GAAP). However, under a regulatory basis, which the Marshall County Fiscal Court uses to present its financial statements, the District is no longer a required component of the Marshall County Fiscal Court. Audits of the Marshall County Fiscal Court can be obtained at 1101 Main Street, Benton, Kentucky 42025.

B. Basis of Accounting

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

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

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

The District receives a portion of the tax collected by the Marshall County Fiscal Court. The District receives tax revenues based on the following rates: the real estate property rate is nine and three tenths cents (\$0.093) per hundred dollar valuation, the tangible property rate is nine cents (\$0.090) per hundred dollar valuation, and the aircraft, watercraft, and inventory in transit rate is nine and six tenths cents (\$0.096) per hundred dollar valuation. After the Marshall County Fiscal Court collects these taxes, the District receives its portion from the Marshall County Fiscal Court.

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
NOTES TO FINANCIAL STATEMENT (Continued)
JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation

Budgeted Funds

The District reports the following budgeted funds:

General Fund – This is the primary operating fund of the District. 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.

Unbudgeted Funds

The District is not reporting any unbudgeted funds for the year ended June 30, 2016.

D. Budgetary Information

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

The District 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 District by July 1.

The District may change the original budget by transferring appropriations at the activity level. Disbursements may not exceed budgeted appropriations at the activity level.

E. Deposits and Investments

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

KRS 66.480 authorizes the District to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery of 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 certifications of indebtedness of this state, and certifications 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).

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 NOTES TO FINANCIAL STATEMENT (Continued)
 JUNE 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

F. Long-term Obligations

The fund financial statement recognizes interest when paid during the current period. The principal amount of the obligation and interest are reported as disbursements.

Note 2. Deposits

The District 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 District and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution, 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. Long-term Debt

A. Capital Lease – Garbage Truck

In September 2012, the District entered into a lease agreement with Stringfellow, Inc. for the purchase of a new garbage truck. Total cost of the truck was \$212,874. The principal balance is to be paid in five annual installments in various amounts beginning September 2013 and ending September 2017. Interest is paid annually with the principal payments at 2.37%. The principal balance on June 30, 2016 was \$88,152. Future principal and interest payments are as follows:

Fiscal Year Ended			
June 30	Principal		Interest
2017	\$ 43,560	\$	2,089
2018	44,592		1,057
	\$ 88,152	\$	3,146

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 NOTES TO FINANCIAL STATEMENT (Continued)
 JUNE 30, 2016

Note 3. Long-term Debt (Continued)

B. Capital Lease – Garbage Truck

In February 2015, the District entered into a lease agreement with Stringfellow, Inc. for the purchase of a new garbage truck. Total cost of the truck was \$240,274. The principal balance is to be paid in five annual installments in various amounts beginning February 2016 and ending February 2020. Interest is paid annually with the principal payments at 2.89%. The principal balance on June 30, 2016 was \$194,918. Future principal and interest payments are as follows:

Fiscal Year Ended			
June 30	Principal		Interest
2017	\$ 46,667	\$	5,633
2018	48,016		4,284
2019	49,404		2,897
2020	50,831		1,469
	\$ 194,918	\$	14,283

Note 4. State Funds – Litter Abatement

The District received a total of \$48,875 in litter abatement grant funds from the Commonwealth of Kentucky’s Environmental and Public Protection Cabinet. The litter abatement funds are to be used for litter abatement activities allowed pursuant to KRS 224.43-505. These funds were used by the District to conduct roadside cleanups along public roads and city streets. KRS 224.43-345 requires two litter cleanups along city streets and three litter cleanups along public roads be performed annually. A 25% match is required by the District for all litter abatement funds received and proof of this match must be provided to the Environmental and Public Protection Cabinet upon request.

Note 5. Employee Retirement System

A. Plan Description

The District 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 System (KRS). This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in nonhazardous 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 the 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 District’s contribution rate for nonhazardous employees was 17.06 percent. The District had employees that were considered hazardous covered employees for the year ended June 30, 2016.

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 NOTES TO FINANCIAL STATEMENT (Continued)
 JUNE 30, 2016

Note 5. Employee Retirement System (Continued)

A. Plan Description (Continued)

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

The District's actual contributions to CERS for FY 2014 was \$107,658, FY 2015 was \$105,790, and FY 2016 was \$107,555.

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 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	Percentage paid by Insurance Fund	Percentage 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, nonhazardous 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 with regard to a maximum dollar amount. The 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.

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 NOTES TO FINANCIAL STATEMENT (Continued)
 JUNE 30, 2016

Note 5. Employee Retirement System (Continued)

A. Plan Description (Continued)

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

B. Net Pension Liability

As promulgated by GASB Statement No. 67 and 68, the total net pension liability for CERS was determined by an actuarial valuation as of June 30, 2015. The total net pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2015, measured as of the same date and is as follows: nonhazardous \$4,299,525,565 and hazardous \$1,535,105,880, for a total net pension liability of \$5,834,631,445 as of June 30, 2015. Based on these requirements, the District's proportionate share of the net pension liability as of June 30, 2016 is:

	June 30, 2015	June 30, 2016
Nonhazardous	\$ 804,806	\$ 1,104,210
Total	\$ 804,806	\$ 1,104,210

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

Note 6. Insurance

For the fiscal year ended June 30, 2016, Marshall County and the District by association, was a member of the Kentucky Association of Counties' All Line Fund (KALF). KALF is a self-insurance fund and was originated to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses for covered claims exceed their resources contributed, the members are responsible for payment of the excess losses.

Note 7. Landfill Closure and Post-Closure Costs

In 2002, the legislature passed House Bill No. 174 that, among other things, provided state assumption of responsibility for the costs of closure and remedial obligations for inactive solid waste landfills that ceased accepting waste prior to July 1, 1992. This is implemented as amendments to KRS 224, Subchapter 43. The Kentucky Division of Waste Management determined that the Marshall County Landfill qualifies under this program for state assistance. However, as a necessary condition for performing this work, the Kentucky Division of Waste Management required a legal right of entry permission for assessment and construction activities on the subject property. On February 8, 2005, the Marshall County Judge/Executive signed the right of entry to the Commonwealth of Kentucky and its authorized agents the right to enter this land for the purpose of performing such activities.

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
NOTES TO FINANCIAL STATEMENT (Continued)
JUNE 30, 2016

Note 7. Landfill Closure and Post-Closure Costs (Continued)

After closure of the landfill, there was still a need for the District to operate the county dumpsters and transport refuse to private disposal enterprises in surrounding areas. The District has several transfer stations at various points in the county where residents may bring refuse for disposal. The stations are secured and are available to the public during normal business hours. These stations are all overseen by employees of the District.

Note 8. Subsequent Events

Subsequent events have been evaluated through March 13, 2017, which is the date the financial statement was available for review.

Note 9. Concentration

The District receives 89% of its operating revenues from various property taxes levied to the citizens of Marshall County. See Note 1, B for more detailed information about the assessed tax rates. Due to the reliance on this particular revenue stream, there is a risk that the District's financial position could be harmed if the population of Marshall County decreased or if the area was to face hardship.

Note 10. Claims and Judgements

In the normal course of business, the District may have claims that are pending or may be instituted or asserted against the District in the future. The District estimates that potential claims, if any, will not exceed insurance coverage.

Note 11. Change in Presentation

The financial statements presented in the prior fiscal year were presented using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. The financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky allow the financial statement to be presented using the regulatory basis of accounting, which is described in Note 1, B. Beginning in the fiscal year June 30, 2016, the financial statement for the District will be presented using the regulatory basis of accounting.

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
BUDGETARY COMPARISON SCHEDULE
Supplementary Information – Regulatory Basis

For the Year Ended June 30, 2016

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTARY INFORMATION – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive
RECEIPTS				
Taxes	\$ 1,603,000	\$ 1,603,000	\$ 1,773,618	\$ 170,618
Recycling Income	40,000	40,000	32,764	(7,236)
Intergovernmental Revenue -				
Litter Abatement	50,000	50,000	48,875	(1,125)
Grant Funds	-	104,805	104,805	-
Interest	7,000	7,000	9,530	2,530
Miscellaneous	12,600	12,600	9,544	(3,056)
Total Receipts	<u>1,712,600</u>	<u>1,817,405</u>	<u>1,979,136</u>	<u>161,731</u>
DISBURSEMENTS				
Payroll and Related Taxes	850,000	873,420	863,346	10,074
Commissioner Fees	24,000	24,000	24,000	-
Maintenance and Supplies	108,500	109,000	79,298	29,702
Gas and Oil	125,000	125,000	68,759	56,241
Utilities and Telephone	29,200	29,200	23,367	5,833
Waste Disposal Contracts	280,000	284,000	271,490	12,510
Employee Uniforms	5,000	5,000	1,224	3,776
Legal and Professional	8,500	8,500	8,094	406
Physicals and Medical	1,000	1,000	385	615
Dumpster Site Lease	8,500	8,500	8,500	-
Employee Retirement	110,000	110,000	107,555	2,445
Health Insurance	150,000	131,680	132,040	(360)
Liability Insurance	45,000	45,000	44,617	383
Workers Compensation Insurance	65,000	58,400	53,307	5,093
Office Supplies	3,500	3,500	1,108	2,392
Travel	5,000	5,000	794	4,206
Equipment Rental	8,000	8,000	7,774	226
Miscellaneous	15,500	15,500	5,877	9,623
Debt Service	97,000	98,000	97,949	51
Capital Outlay	40,000	140,805	131,465	9,340
Reserve for Transfer	433,900	433,900	-	433,900
Total Disbursements	<u>2,412,600</u>	<u>2,517,405</u>	<u>1,930,949</u>	<u>586,456</u>
Net Change in Fund Balance	(700,000)	(700,000)	48,187	748,187
Fund Balance - Beginning (Restated)	700,000	700,000	797,863	97,863
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,050</u>	<u>\$ 846,050</u>

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
JUNE 30, 2016

Note 1. Budgetary Information

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

The board of directors is required to submit estimated receipts and proposed disbursements by May 1 of each year. The budget is prepared by account and includes only one fund. The budget is required to be adopted by the July 1.

The board of directors may change the original budget by transferring appropriations at the account level; however, the District may not increase the total budget without approval by the State Local Finance Officer and/or the Marshall County Fiscal Court.

Note 2. Reconciliation of the General Fund

The Statement of Receipts, Disbursements, and Changes in Fund Balance – Regulatory basis does not differ from the Budgetary Comparison Schedule for the General Fund in Other Adjustments to Cash (Uses).

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
SCHEDULE OF CAPITAL ASSETS
Supplementary Information – Regulatory Basis

For the Year Ended June 30, 2016

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 SUPPLEMENTARY INFORMATION – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2016

The District reports the following schedule of capital assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land and Land Improvements	\$ 1,000,540	\$ -	\$ -	\$ 1,000,540
Buildings and Improvements	217,153	30,660	-	247,813
Equipment	446,049	100,805	-	546,854
Vehicles	<u>1,166,226</u>	<u>-</u>	<u>-</u>	<u>1,166,226</u>
 Total Capital Assets	 <u>\$ 2,829,968</u>	 <u>\$ 131,465</u>	 <u>\$ -</u>	 <u>\$ 2,961,433</u>

MARSHALL COUNTY REFUSE DISPOSAL DISTRICT
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2016

Note 1. Capital Assets

Capital assets include land, land improvements, buildings, building improvements, equipment, and vehicles that have a useful live of more than one reporting period based on the government's capitalization policy, are reported as regulatory supplementary information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. All asset classes have a capitalization threshold of \$2,000.

	Useful Live <u>(Years)</u>
Land and Land Improvements	15-40
Buildings and Improvements	7-50
Equipment	7-15
Vehicles	7-12



504 Maple Street
Murray, KY 42071

PIERCE • KELLER & ASSOCIATES PLLC

Michael D. Pierce, CPA, CFP®, PFS
Julie A. Keller, CPA
Nathan L. Crafton, CPA

PHONE: 270.753.0274
FAX: 270.753.0275
EMAIL: info@piercecpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Marshall County Refuse Disposal District
Benton, Kentucky

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 Balance – Regulatory Basis of the Marshall County Refuse Disposal District for the fiscal year ended June 30, 2016, and the related notes to the financial statement which collectively comprise the Marshall County Refuse Disposal District's financial statement, and have issued our report thereon dated March 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Marshall County Refuse Disposal District'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 Marshall County Refuse Disposal District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshall County Refuse Disposal District'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 statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County Refuse Disposal District's financial statement is free from 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.

Pierce, Keller & Associates, PLLC

Murray, Kentucky
March 13, 2017