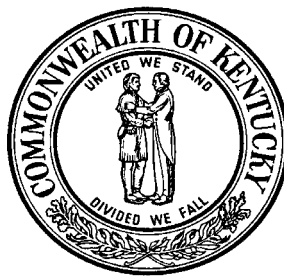


**REPORT OF THE AUDIT OF THE  
WHITLEY COUNTY  
FISCAL COURT**

**For The Year Ended  
June 30, 2017**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

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FRANKFORT, KY 40601-1817  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
The Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
The Honorable Pat White, Jr., Whitley County Judge/Executive  
Members of the Whitley 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 Whitley County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Whitley County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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



To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Pat White, Jr., Whitley County Judge/Executive

Members of the Whitley County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Whitley 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 Whitley County Fiscal Court as of June 30, 2017, 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 Whitley County Fiscal Court as of June 30, 2017, 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**

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Whitley 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 Schedules and the 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 the Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

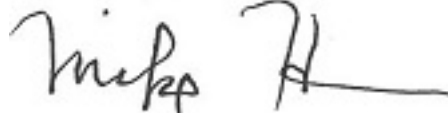
The Honorable Pat White, Jr., Whitley County Judge/Executive

Members of the Whitley County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2018, on our consideration of the Whitley 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 Whitley 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

February 15, 2018

**WHITLEY COUNTY OFFICIALS****For The Year Ended June 30, 2017****Fiscal Court Members:**

Pat White Jr.	County Judge/Executive
Scotty Harrison	Magistrate
Lon "Chuck" Head	Magistrate
Michael Jarboe	Magistrate
Robbie Brown	Magistrate

**Other Elected Officials:**

Robert Hammons	County Attorney
Brian Lawson	Jailer
Kay Schwartz	County Clerk
Gary Barton	Circuit Court Clerk
Colan Harrell	Sheriff
Ronnie Moses	Property Valuation Administrator
Andy J. Croley	Coroner

**Appointed Personnel:**

Jeffrey L. Gray	County Treasurer
Evelyn McCullah	Finance Officer
Peggy Daniel	Payroll Officer
David Owens	Occupational Tax Administrator



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

**For The Year Ended June 30, 2017**

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

**For The Year Ended June 30, 2017**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 1,381,941	\$	\$
In Lieu Tax Payments	98,979		
Excess Fees	220,947		
Licenses and Permits	16,517		
Intergovernmental	513,599	2,151,813	1,801,154
Charges for Services			94,947
Miscellaneous	54,895	4,019	55,979
Interest	2,988	828	431
Total Receipts	<u>2,289,866</u>	<u>2,156,660</u>	<u>1,952,511</u>
<b>DISBURSEMENTS</b>			
General Government	1,895,779	1,420	
Protection to Persons and Property	135,506		1,945,375
General Health and Sanitation	229,009		
Social Services	9,350		
Recreation and Culture			
Roads		2,187,374	
Debt Service	306,338	145,675	
Capital Projects			
Administration	717,534	373,783	584,890
Total Disbursements	<u>3,293,516</u>	<u>2,708,252</u>	<u>2,530,265</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,003,650)</u>	<u>(551,592)</u>	<u>(577,754)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Proceeds of Refunding Bonds			
Payments To Revenue Bonds Escrow Agent			
Cost Of Issuance			
Short Term Borrowing	250,000	245,960	
Governmental Leasing Act	77,716		
Payroll Revolving Account	17,476		
Transfers From Other Funds	2,219,000	125,000	1,116,182
Transfers To Other Funds	(1,195,982)	(125,000)	(533,163)
Total Other Adjustments to Cash (Uses)	<u>1,368,210</u>	<u>245,960</u>	<u>583,019</u>
Net Change in Fund Balance	364,560	(305,632)	5,265
Fund Balance - Beginning	87,180	392,329	8,349
Fund Balance - Ending	<u>\$ 451,740</u>	<u>\$ 86,697</u>	<u>\$ 13,614</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 452,075	\$ 90,721	\$ 58,236
Payroll Revolving Account Balance	17,476		
Less: Outstanding Checks	(17,811)	(4,024)	(44,622)
Fund Balance - Ending	<u>\$ 451,740</u>	<u>\$ 86,697</u>	<u>\$ 13,614</u>

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

**WHITLEY COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2017**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Federal Grants Fund</b>	<b>Ambulance Fund</b>	<b>Forestry Fund</b>	<b>Occupational Tax Fund</b>	<b>Tourist Tax Fund</b>	<b>911 Fund</b>
\$	\$	\$	\$ 3,321	\$ 4,748,620	\$ 58,781	\$ 386,215
422,485	94,242	131,170				502,622
		1,997,558				
		2,722		1,149		
817		587	33	2,712	52	486
<u>423,302</u>	<u>94,242</u>	<u>2,132,037</u>	<u>3,354</u>	<u>4,752,481</u>	<u>58,833</u>	<u>889,323</u>
22,550				101,174		
30,871		1,562,679	3,481			700,976
60,000					58,809	
192,867		49,001				
	94,242			2,555,882		140,920
<u>306,288</u>	<u>94,242</u>	<u>603,783</u>	<u>3,481</u>	<u>2,657,056</u>	<u>58,809</u>	<u>841,896</u>
117,014		(83,426)	(127)	2,095,425	24	47,427
		72,800		(2,094,000)		25,000
(143,000)				(2,094,000)		25,000
(143,000)		72,800		(2,094,000)		25,000
(25,986)		(10,626)	(127)	1,425	24	72,427
164,251	50	87,369	5,077	172,519	8,391	3,506
<u>\$ 138,265</u>	<u>\$ 50</u>	<u>\$ 76,743</u>	<u>\$ 4,950</u>	<u>\$ 173,944</u>	<u>\$ 8,415</u>	<u>\$ 75,933</u>
\$ 138,265	\$ 50	\$ 79,537	\$ 4,950	\$ 173,944	\$ 8,415	\$ 76,054
		(2,794)				(121)
<u>\$ 138,265</u>	<u>\$ 50</u>	<u>\$ 76,743</u>	<u>\$ 4,950</u>	<u>\$ 173,944</u>	<u>\$ 8,415</u>	<u>\$ 75,933</u>

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

**WHITLEY COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>Unbudgeted Funds</b>				<b>Total Funds</b>
	<b>Detention Center Public Properties Corporation Fund</b>	<b>Justice Center Public Properties Corporation Bond Fund</b>	<b>Justice Center Public Properties Corporation Construction Fund</b>	<b>Jail Commissary Fund</b>	
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 6,578,878
In Lieu Tax Payments					98,979
Excess Fees					220,947
Licenses and Permits					16,517
Intergovernmental		1,234,259			6,851,344
Charges for Services					2,092,505
Miscellaneous				349,321	468,085
Interest	85			165	9,184
<b>Total Receipts</b>	<u>85</u>	<u>1,234,259</u>		<u>349,486</u>	<u>16,336,439</u>
<b>DISBURSEMENTS</b>					
General Government					2,020,923
Protection to Persons and Property					4,378,888
General Health and Sanitation					229,009
Social Services					9,350
Recreation and Culture				267,236	386,045
Roads					2,380,241
Debt Service	533,163	1,232,059			2,266,236
Capital Projects					94,242
Administration		2,200			4,978,992
<b>Total Disbursements</b>	<u>533,163</u>	<u>1,234,259</u>		<u>267,236</u>	<u>16,743,926</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(533,078)</u>			<u>82,250</u>	<u>(407,487)</u>
<b>Other Adjustments to Cash (Uses)</b>					
Proceeds of Refunding Bonds		7,054,999			7,054,999
Payments To Revenue Bonds Escrow Agent		(6,994,290)			(6,994,290)
Cost Of Issuance		(60,709)			(60,709)
Short Term Borrowing					495,960
Governmental Leasing Act					77,716
Payroll Revolving Account					17,476
Transfers From Other Funds	533,163				4,091,145
Transfers To Other Funds					(4,091,145)
<b>Total Other Adjustments to Cash (Uses)</b>	<u>533,163</u>				<u>591,152</u>
Net Change in Fund Balance	85			82,250	183,665
Fund Balance - Beginning	32,109		7,779	62,703	1,031,612
Fund Balance - Ending	<u>\$ 32,194</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 144,953</u>	<u>\$ 1,215,277</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 32,194	\$	\$ 7,779	\$ 148,509	\$ 1,270,729
Payroll Revolving Account Balance					17,476
Less: Outstanding Checks				(3,556)	(72,928)
Fund Balance - Ending	<u>\$ 32,194</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 144,953</u>	<u>\$ 1,215,277</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The Whitley County Tourism Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under regulatory basis they are no longer are required components of the reporting entity. To obtain a copy of the audit report contact the Whitley County Fiscal Court at (606) 549-6010.

**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.

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal 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.

Federal Grants Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund is grants from the federal government.

Ambulance Fund - The primary purpose of this fund is to provide emergency medical service for the county. The primary sources of receipts for this fund are federal, state, and private insurance billings.

Forestry Fund - The primary purpose of this fund is to provide emergency fire protection to the forestry regions of the county. The primary source of receipts for this fund is local taxes collected by the sheriff.

Occupational Tax Fund - The primary purpose of this fund is to account for occupational taxes collected by the county.

Tourist Tax Fund - The primary purpose of this fund is to account for tourist taxes collected by the county.

911 Fund - The primary purpose of this fund is to account for the dispatch expense of the county. The primary source of receipts for this fund is 911 telephone surcharges.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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 the Whitley County Detention Center. The Department for Local Government does not require the fiscal court to budget this fund.

Justice Center Public Properties Corporation Bond Fund - The primary purpose of this fund is to account for the debt service requirements of the revenue bond issued for the Whitley County Justice Center. The Department for Local Government does not require the fiscal court to budget this fund.

Justice Center Public Properties Corporation Construction Fund - The primary purpose of this fund is to account for the proceeds of revenue bonds that were issued to fund the construction of the Whitley County Justice Center. The Department for Local Government does not require the fiscal court to budget this fund.

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Unbudgeted Funds (Continued)**

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

**D. Budgetary Information**

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

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

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the Detention Center Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

The state local finance officer does not require the Justice Center Public Properties Corporation Bond Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

The state local finance officer does not require the Justice Center Public Properties Corporation Construction Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

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.

**E. Whitley County Elected Officials**

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



**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Whitley County Elected Officials (Continued)**

- 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.

**H. Related Organizations and Joint Ventures**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organizations governing board. Based on this criteria, the following are considered related organizations of the Whitley County Fiscal Court:

Whitley County Water District  
 Cumberland Falls Water Highway District

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following are considered joint ventures of the Whitley County Fiscal Court:

The Williamsburg/Whitley County Airport Board (with the City of Williamsburg)  
 Bell/Whitley County Community Action Group (with Bell County)

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(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, 2017, 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 2017.

	General Fund	Road Fund	Jail Fund	LGEA Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 125,000		\$	\$ 2,094,000	\$ 2,219,000
Road Fund	125,000					125,000
Jail Fund	973,182			143,000		1,116,182
Ambulance Fund	72,800					72,800
911 Fund	25,000					25,000
Detention Center PPC Fund			533,163			533,163
Total Transfers Out	\$ 1,195,982	\$ 125,000	\$ 533,163	\$143,000	\$ 2,094,000	\$ 4,091,145

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Agency Trust Funds**

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, 2017 was \$3,027.

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 5. Operating Leases**

**A. Office Space Rental**

The Whitley County Fiscal Court entered into an operating lease agreement with the Williamsburg-Whitley County Airport Board, Inc. for the rent of the Whitley County EMS department at a rate of \$1,000 per month. The lease is for 20 years, at which time a new lease can be negotiated. The agreement has an annual rent increase based upon the Consumer Price Index. The total expense related to this operating lease was \$12,000 for the fiscal year ended June 30, 2017. The future minimum lease payments for the operating lease are as follows:

Fiscal Year Ended June 30	Amount
2018	\$ 12,000
2019	12,000
2020	12,000
2021	12,000
2022	12,000
2023-2027	60,000
2028-2030	36,000
	<u>\$ 156,000</u>

**B. Tower Space Rental**

The Whitley County Fiscal Court entered into a lease agreement with a land owner. The lease agreement is for property to allow for the construction, operation, and maintenance of a radio transmission tower. The lease commenced on October 1, 2008, and terminated on October 1, 2014, with an automatic extension of four additional terms of five years each (Renewal Term). The lease amount is \$7,200 per year to be paid in equal monthly installments of \$600. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ended June 30	Amount
2018	\$ 7,200
2019	7,200
2020	7,200
2021	7,200
2022	7,200
2023-2027	36,000
2028-2032	36,000
2033	7,200
	<u>\$ 115,200</u>

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 6. Short-term Debt**

The Whitley County Fiscal Court entered into a short-term promissory note with Forcht Bank, N.A. to cover a temporary budget shortfall in the amount of \$250,000. The note was for a period of 184 days at an interest rate of 2.99 percent. On December 6, 2016, the promissory note to Forcht Bank, N.A. was paid in full. Total interest paid in association with the note was \$3,192.

Additionally, the fiscal court entered into a short-term promissory note with the Kentucky Association of Counties (KACo) in the amount of \$205,000 to perform road improvements. The note was for a period of 80 days at an interest rate of 3.75 percent. On August 1, 2017, the promissory note was paid in full. Total interest paid in association with the note was \$1,685. Short-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Short-term Borrowing	\$	\$ 455,000	\$ 250,000	\$ 205,000	\$ 205,000
Total Short-term Debt	\$	\$ 455,000	\$ 250,000	\$ 205,000	\$ 205,000

**Note 7. Long-term Debt**

**A. General Obligation Bonds, Series 2013**

On April 16, 2013, the county issued \$7,160,000 of General Obligation Bonds, Series 2013, with interest rates of 2 percent through 3.25 percent payable semiannually June 1 and December 1. These bonds were issued by Whitley County Kentucky for the purpose of refunding Whitley County Kentucky General Obligation Bonds (Detention Facilities Project), Series 2002, \$7,800,000, dated April 1, 2002, and refunding the \$605,000 City of Ewing, Kentucky Area Development Districts Financing Trust Lease Acquisition Program Revenue Bonds (Court Facilities Project), Fixed Rate Series 2000, dated July 3, 2003 and the underlying Lease; accrued interest, if any; and the Cost of Issuance. The outstanding principal balance of the bonds was \$5,750,000 as of June 30, 2017, with principal paid annually on June 1. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 375,000	\$ 155,763
2019	380,000	148,263
2020	395,000	140,663
2021	400,000	131,775
2022	410,000	122,275
2023-2027	2,025,000	455,375
2028-2032	1,765,000	142,738
Totals	\$ 5,750,000	\$ 1,296,852

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**B. First Mortgage Revenue Bonds, Partial Refunding of Series 2009, By First Mortgage Revenue Refunding Bonds Series 2017**

On June 1, 2017, the Whitley County Public Properties Corporation (PPC), an agency and instrumentality of the Whitley County Fiscal Court, issued First Mortgage Revenue Refunding Bonds, series 2017, in the principal amount of \$7,054,999, for the purpose of refunding a portion of its outstanding First Mortgage Revenue Bonds (Whitley County Justice Center), Series 2009, dated September 1, 2009, in the original principal amount of \$17,105,000.

The Series 2009 bonds that were partially refunded have a current balance of \$5,320,000 after partially being refunded. They were issued at various interest rates ranging from 2 percent to 4 percent. The Series 2017 bonds have a current balance of \$7,054,999. They were issued at an interest rate of 2.52 percent. The PPC has entered into an agreement to lease the Whitley County Judicial Center to the fiscal court for the amount of the total bond payments. The fiscal court has a sublease with the Administrative Office of the Courts (AOC), Commonwealth of Kentucky, for approximately 100 percent of the Whitley County Judicial Center, whereby AOC makes semi-annual payments directly to the paying agent to fund the debt service for the bond issue.

Principal payments for the 2009 series issue and the 2017 series issue are due annually on September 1 and interest payments are due semiannually on March 1 and September 1. As of June 30, 2017, the principal balance was \$5,320,000 for the Series 2010 bonds and \$7,054,999 for the Series 2017. Future debt service requirements are:

**First Mortgage Revenue Bonds, Series 2009**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 815,000	\$ 164,525
2019	840,000	139,700
2020	870,000	112,419
2021	900,000	82,550
2022	930,000	51,669
2023	965,000	19,088
Totals	<u>\$ 5,320,000</u>	<u>\$ 569,951</u>

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**B. First Mortgage Revenue Bonds, Partial Refunding Series 2009, By First Mortgage Revenue Refunding Bonds Series 2017 (Continued)**

**First Mortgage Revenue Refunding Bonds, Series 2017**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018		133,339
2019		177,786
2020		177,786
2021	33,951	177,358
2022	75,599	175,978
2023-2027	4,543,601	644,692
2028-2029	2,401,848	60,851
Totals	<u>\$ 7,054,999</u>	<u>\$ 1,547,790</u>

**C. Land Purchase**

On October 1, 2010, Whitley County entered into a \$327,000 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the acquisition of land. Terms of the agreement stipulate a ten-year repayment schedule, with variable quarterly interest payments (which increased in July 2017) and fixed annual principal payments in the amount of \$32,700. The principal balance was \$130,800 as of June 30, 2017. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	32,700	5,973
2019	32,700	4,135
2020	32,700	2,301
2021	32,700	458
Totals	<u>\$ 130,800</u>	<u>\$ 12,867</u>

**D. Dump Truck**

On July 18, 2012, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of a dump truck for \$119,825. Terms of the agreement stipulate a repayment schedule in which the final payment is due on July 20, 2017, with variable monthly interest payments and variable annual principal payments due on the 20th of each month. The principal balance was \$2,120 as of June 30, 2017. Future debt service requirements are:

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**D. Dump Truck (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 2,120	\$ 5
Totals	<u>\$ 2,120</u>	<u>\$ 5</u>

**E. Ambulance**

On October 26, 2012, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of an ambulance for \$124,316. Terms of the agreement stipulate a repayment schedule in which the final payment is due on November 20, 2017, with variable monthly interest payments and variable annual principal payments due on the 20th of each month. The principal balance was \$7,920 as of June 30, 2017. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 7,920	\$ 56
Totals	<u>\$ 7,920</u>	<u>\$ 56</u>

**F. Road Equipment & Stretcher**

On February 11, 2015, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of road equipment and an ambulance stretcher for \$434,000. Terms of the agreement stipulate a repayment schedule in which the final payment is due on November 20, 2018, with variable monthly interest payments due every three months and fixed principle payments of \$61,393 due biannually with a final principle payment of \$4,250 on November 20, 2018. The principal balance was \$188,429 as of June 30, 2017. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 122,786	\$ 3,836
2019	<u>65,643</u>	<u>528</u>
Totals	<u>\$ 188,429</u>	<u>\$ 4,364</u>

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**G. Ambulance**

On September 22, 2014, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of an ambulance for \$55,500. Terms of the agreement stipulate a repayment schedule in which the final payment is due on September 20, 2017, with variable monthly interest and principle payments due monthly. The principal balance was \$4,866 as of June 30, 2017. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 4,866	\$ 30
Totals	\$ 4,866	\$ 30

**H. Sheriff's Vehicles**

On August 23, 2016, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of sheriff vehicles for \$77,716. Terms of the agreement stipulate a repayment schedule in which the final payment is due on August 20, 2021, with 3.25 percent monthly interest payments and variable monthly principal payments due on the 20th. The principal balance was \$65,605 as of June 30, 2017. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 14,946	\$ 1,911
2019	15,439	1,418
2020	15,948	908
2021	16,474	382
2022	2,798	11
Totals	\$ 65,605	\$ 4,630

**I. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Lease	\$ 6,120,000	\$	\$ 370,000	\$ 5,750,000	\$ 375,000
Revenue Bonds	12,705,000	7,054,999	7,385,000	12,374,999	815,000
Financing Obligations	552,445	77,716	230,421	399,740	185,338
Total Long-term Debt	\$ 19,377,445	\$ 7,132,715	\$ 7,985,421	\$ 18,524,739	\$ 1,375,338



**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2015 was \$532,360, FY 2016 was \$496,639, and FY 2017 was \$511,454.

Nonhazardous

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 be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

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 accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute 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 KRS Board of Directors 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 employer pay credit. The employer pay credit represents a portion of the employer contribution.

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. The county's contribution rate for nonhazardous employees was 18.68 percent.

Hazardous

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.

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 accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

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 hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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. The county's contribution rate for hazardous employees was 31.06 percent.

Health Insurance Coverage

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

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

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

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

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, the employee's spouse receives ten 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

**WHITLEY COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2017**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

<https://kyret.ky.gov/Employers/Resources/Pages/GASB.aspx>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

**Note 9. Deferred Compensation**

In July 2003, the Whitley 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. Insurance**

For the fiscal year ended June 30, 2017, the Whitley 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 11. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2017, was added to the general fund cash balance for financing reporting purposes. The payroll revolving account has a balance of \$17,476; however, the county is required to maintain a balance of \$2,500 in the account. The remaining balance of \$14,976 will be transferred to the general fund.

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

**For The Year Ended June 30, 2017**

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

**For The Year Ended June 30, 2017**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,327,640	\$ 1,352,273	\$ 1,381,941	\$ 29,668
In Lieu Tax Payments	74,000	76,251	98,979	22,728
Excess Fees	1,950	176,869	220,947	44,078
Licenses and Permits	16,200	16,200	16,517	317
Intergovernmental	522,590	641,901	513,599	(128,302)
Miscellaneous	17,210	30,923	54,895	23,972
Interest	2,300	2,300	2,988	688
Total Receipts	<u>1,961,890</u>	<u>2,296,717</u>	<u>2,289,866</u>	<u>(6,851)</u>
<b>DISBURSEMENTS</b>				
General Government	1,827,744	2,028,583	1,895,779	132,804
Protection to Persons and Property	173,764	180,868	135,506	45,362
General Health and Sanitation	306,357	334,212	229,009	105,203
Social Services	10,500	10,850	9,350	1,500
Debt Service	295,100	309,152	306,338	2,814
Administration	754,537	945,414	717,534	227,880
Total Disbursements	<u>3,368,002</u>	<u>3,809,079</u>	<u>3,293,516</u>	<u>515,563</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,406,112)</u>	<u>(1,512,362)</u>	<u>(1,003,650)</u>	<u>508,712</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,626,425	2,654,934	2,219,000	(435,934)
Transfers To Other Funds	(1,720,413)	(1,720,413)	(1,195,982)	524,431
Short-Term Borrowing	250,000	250,000	250,000	
Governmental Leasing Act		77,716	77,716	
Total Other Adjustments to Cash (Uses)	<u>1,156,012</u>	<u>1,262,237</u>	<u>1,350,734</u>	<u>88,497</u>
Net Change in Fund Balance	(250,100)	(250,125)	347,084	597,209
Fund Balance - Beginning	<u>250,100</u>	<u>250,100</u>	<u>87,180</u>	<u>(162,920)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (25)</u>	<u>\$ 434,264</u>	<u>\$ 434,289</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 81,000	\$ 81,000	\$	\$ (81,000)
Intergovernmental	1,935,827	2,546,762	2,151,813	(394,949)
Miscellaneous	2,000	3,303	4,019	716
Interest	1,000	1,000	828	(172)
Total Receipts	<u>2,019,827</u>	<u>2,632,065</u>	<u>2,156,660</u>	<u>(475,405)</u>
<b>DISBURSEMENTS</b>				
General Government	2,200	2,200	1,420	780
Roads	1,791,927	2,413,732	2,187,374	226,358
Debt Service	145,680	353,680	145,675	208,005
Administration	488,360	478,768	373,783	104,985
Total Disbursements	<u>2,428,167</u>	<u>3,248,380</u>	<u>2,708,252</u>	<u>540,128</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(408,340)</u>	<u>(616,315)</u>	<u>(551,592)</u>	<u>64,723</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	300,000	300,000	125,000	(175,000)
Transfers To Other Funds	(300,000)	(300,000)	(125,000)	175,000
Short Term Borrowing	58,340	266,340	245,960	(20,380)
Total Other Adjustments to Cash (Uses)	<u>58,340</u>	<u>266,340</u>	<u>245,960</u>	<u>(20,380)</u>
Net Change in Fund Balance	(350,000)	(349,975)	(305,632)	44,343
Fund Balance - Beginning	<u>350,000</u>	<u>350,000</u>	<u>392,329</u>	<u>42,329</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 25</u>	<u>\$ 86,697</u>	<u>\$ 86,672</u>



**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,489,000	\$ 1,706,224	\$ 1,801,154	\$ 94,930
Charges for Services	138,000	138,000	94,947	(43,053)
Miscellaneous	42,000	50,560	55,979	5,419
Interest	300	300	431	131
Total Receipts	<u>1,669,300</u>	<u>1,895,084</u>	<u>1,952,511</u>	<u>57,427</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,840,610	2,008,008	1,945,375	62,633
Debt Service	533,163	533,163		533,163
Administration	666,385	724,771	584,890	139,881
Total Disbursements	<u>3,040,158</u>	<u>3,265,942</u>	<u>2,530,265</u>	<u>735,677</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,370,858)</u>	<u>(1,370,858)</u>	<u>(577,754)</u>	<u>793,104</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,437,858	1,437,858	1,116,182	(321,676)
Transfers To Other Funds	<u>(100,000)</u>	<u>(100,000)</u>	<u>(533,163)</u>	<u>(433,163)</u>
Total Other Adjustments to Cash (Uses)	<u>1,337,858</u>	<u>1,337,858</u>	<u>583,019</u>	<u>(754,839)</u>
Net Change in Fund Balance	(33,000)	(33,000)	5,265	38,265
Fund Balance - Beginning	<u>33,000</u>	<u>33,000</u>	<u>8,349</u>	<u>(24,651)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,614</u>	<u>\$ 13,614</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 540,100	\$ 540,100	\$ 422,485	\$ (117,615)
Interest	500	500	817	317
Total Receipts	<u>540,600</u>	<u>540,600</u>	<u>423,302</u>	<u>(117,298)</u>
<b>DISBURSEMENTS</b>				
General Government	76,100	72,400	22,550	49,850
Protection to Persons and Property		30,875	30,871	4
Recreation and Culture	60,000	60,000	60,000	
Roads	231,600	231,600	192,867	38,733
Administration	30,000	2,825		2,825
Total Disbursements	<u>397,700</u>	<u>397,700</u>	<u>306,288</u>	<u>91,412</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>142,900</u>	<u>142,900</u>	<u>117,014</u>	<u>(25,886)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(289,400)	(289,400)	(143,000)	146,400
Total Other Adjustments to Cash (Uses)	<u>(289,400)</u>	<u>(289,400)</u>	<u>(143,000)</u>	<u>146,400</u>
Net Change in Fund Balance	(146,500)	(146,500)	(25,986)	120,514
Fund Balance - Beginning	<u>146,500</u>	<u>146,500</u>	<u>164,251</u>	<u>17,751</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 138,265</u>	<u>\$ 138,265</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 94,243	\$ 94,243	\$ 94,242	\$ (1)
Total Receipts	<u>94,243</u>	<u>94,243</u>	<u>94,242</u>	<u>(1)</u>
<b>DISBURSEMENTS</b>				
Capital Projects	94,243	94,243	94,242	1
Total Disbursements	<u>94,243</u>	<u>94,243</u>	<u>94,242</u>	<u>1</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(50)	(50)		50
Total Other Adjustments to Cash (Uses)	<u>(50)</u>	<u>(50)</u>		<u>50</u>
Net Change in Fund Balance	(50)	(50)		50
Fund Balance - Beginning	<u>50</u>	<u>50</u>	<u>50</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 50</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 141,186	\$ 131,170	\$ (10,016)
Charges for Services	1,975,100	1,975,100	1,997,558	22,458
Miscellaneous	2,000	2,000	2,722	722
Interest	500	529	587	58
Total Receipts	<u>1,987,600</u>	<u>2,118,815</u>	<u>2,132,037</u>	<u>13,222</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,467,550	1,593,149	1,562,679	30,470
Debt Service	49,005	49,005	49,001	4
Administration	670,000	675,616	603,783	71,833
Total Disbursements	<u>2,186,555</u>	<u>2,317,770</u>	<u>2,215,463</u>	<u>102,307</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(198,955)</u>	<u>(198,955)</u>	<u>(83,426)</u>	<u>115,529</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	183,955	183,955	72,800	(111,155)
Transfers To Other Funds	<u>(75,000)</u>	<u>(75,000)</u>	<u>72,800</u>	<u>75,000</u>
Total Other Adjustments to Cash (Uses)	<u>108,955</u>	<u>108,955</u>	<u>72,800</u>	<u>(36,155)</u>
Net Change in Fund Balance	(90,000)	(90,000)	(10,626)	79,374
Fund Balance - Beginning	<u>90,000</u>	<u>90,000</u>	<u>87,369</u>	<u>(2,631)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,743</u>	<u>\$ 76,743</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>FORESTRY FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 4,600	\$ 4,600	\$ 3,321	\$ (1,279)
Miscellaneous	175	175		(175)
Interest	25	25	33	8
Total Receipts	<u>4,800</u>	<u>4,800</u>	<u>3,354</u>	<u>(1,446)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	4,000	4,000	3,481	519
Administration	4,800	4,800		4,800
Total Disbursements	<u>8,800</u>	<u>8,800</u>	<u>3,481</u>	<u>5,319</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(127)</u>	<u>3,873</u>
Net Change in Fund Balance	(4,000)	(4,000)	(127)	3,873
Fund Balance - Beginning	<u>4,000</u>	<u>4,000</u>	<u>5,077</u>	<u>1,077</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,950</u>	<u>\$ 4,950</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>OCCUPATIONAL TAX FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 4,505,000	\$ 4,614,219	\$ 4,748,620	\$ 134,401
Miscellaneous	50	809	1,149	340
Interest	2,750	2,750	2,712	(38)
Total Receipts	<u>4,507,800</u>	<u>4,617,778</u>	<u>4,752,481</u>	<u>134,703</u>
<b>DISBURSEMENTS</b>				
General Government	100,850	112,769	101,174	11,595
Administration	2,429,675	2,571,743	2,555,882	15,861
Total Disbursements	<u>2,530,525</u>	<u>2,684,512</u>	<u>2,657,056</u>	<u>27,456</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,977,275</u>	<u>1,933,266</u>	<u>2,095,425</u>	<u>162,159</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(2,077,275)	(2,105,784)	(2,094,000)	11,784
Total Other Adjustments to Cash (Uses)	<u>(2,077,275)</u>	<u>(2,105,784)</u>	<u>(2,094,000)</u>	<u>11,784</u>
Net Change in Fund Balance	(100,000)	(172,518)	1,425	173,943
Fund Balance - Beginning	<u>100,000</u>	<u>172,518</u>	<u>172,519</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 173,944</u>	<u>\$ 173,944</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>TOURIST TAX FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 67,000	\$ 67,000	\$ 58,781	\$ (8,219)
Interest	75	75	52	(23)
Total Receipts	<u>67,075</u>	<u>67,075</u>	<u>58,833</u>	<u>(8,242)</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	67,000	67,000	58,809	8,191
Administration	2,575	2,575		2,575
Total Disbursements	<u>69,575</u>	<u>69,575</u>	<u>58,809</u>	<u>10,766</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,500)</u>	<u>(2,500)</u>	<u>24</u>	<u>2,524</u>
Net Change in Fund Balance	(2,500)	(2,500)	24	2,524
Fund Balance - Beginning	<u>2,500</u>	<u>2,500</u>	<u>8,391</u>	<u>5,891</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,415</u>	<u>\$ 8,415</u>

**WHITLEY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2017**  
**(Continued)**

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 445,000	\$ 445,000	\$ 386,215	\$ (58,785)
Intergovernmental	469,024	469,024	502,622	33,598
Miscellaneous	1,000	1,000		(1,000)
Interest	150	379	486	107
Total Receipts	<u>915,174</u>	<u>915,403</u>	<u>889,323</u>	<u>(26,080)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	740,724	760,120	700,976	59,144
Administration	190,850	171,683	140,920	30,763
Total Disbursements	<u>931,574</u>	<u>931,803</u>	<u>841,896</u>	<u>89,907</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(16,400)</u>	<u>(16,400)</u>	<u>47,427</u>	<u>63,827</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	73,000	73,000	25,000	(48,000)
Transfers To Other Funds	(59,100)	(59,100)		59,100
Total Other Adjustments to Cash (Uses)	<u>13,900</u>	<u>13,900</u>	<u>25,000</u>	<u>11,100</u>
Net Change in Fund Balance	(2,500)	(2,500)	72,427	74,927
Fund Balance - Beginning	<u>2,500</u>	<u>2,500</u>	<u>3,506</u>	<u>1,006</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,933</u>	<u>\$ 75,933</u>



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

**June 30, 2017**

**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 General Fund**

*The Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis* differs from the *Budgetary Comparison Schedule* for the general fund in other adjustments to cash (uses) and ending fund balance by \$17,476 due to the payroll revolving account balance.

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

**For The Year Ended June 30, 2017**

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

**For The Year Ended June 30, 2017**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land	\$ 555,658	\$ 10,200	\$	\$ 565,858
Buildings	26,195,930			26,195,930
Vehicles and Equipment	2,218,294	169,581	42,698	2,345,177
Other Equipment	1,701,114			1,701,114
Infrastructure	12,417,881	681,957		13,099,838
 Total Capital Assets	 \$ 43,088,877	 \$ 861,738	 \$ 42,698	 \$ 43,907,917

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

**June 30, 2017**

**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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 15,000	10-75
Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-12
Infrastructure	\$ 20,000	10-50

**Note 2. Beginning Balance Restatement**

The total beginning balance of the Capital Asset Schedule has been increased by \$440,860 due to adjustment errors in the prior year. Land, vehicles and equipment, and other equipment were reduced by \$26,000, \$382,090, and \$6,000 respectively. Buildings and infrastructure were increased by \$21,000 and \$833,950 respectively.

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

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MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Pat White, Jr., Whitley County Judge/Executive  
Members of the Whitley 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 Whitley County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Whitley County Fiscal Court's financial statement and have issued our report thereon dated February 15, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Whitley 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 Whitley County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitley 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 Whitley 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 H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

February 15, 2018

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

**WHITLEY COUNTY FISCAL COURT**

**For The Year Ended June 30, 2017**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
WHITLEY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Whitley 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.



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County Judge/Executive



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County Treasurer