

**REPORT OF THE AUDIT OF THE  
WHITLEY COUNTY TOURISM BOARD**

**For The Fiscal Year Ended  
June 30, 2018**



**PEERCY AND GRAY, PSC**

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Honorable Terry Skinner, Whitley County Tourism Board Chairman  
Members of the Whitley County Tourism Board  
Honorable Jeffrey Gray, Treasurer

### Independent Auditor's Report

#### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Whitley County Tourism Board (Tourism Board), a special purpose entity of Whitley County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Tourism's Board basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Honorable Terry Skinner, Whitley County Tourism Board Chairman  
Members of the Whitley County Tourism Board  
Honorable Jeffrey Gray, Treasurer

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Tourism Board as of June 30, 2018, and the respective changes in modified cash basis financial position for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a base of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Whitley County Tourism Board's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary comparison schedule 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 are fairly stated in all material respects in relation to the basic financial statement.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018 on our consideration of the Tourism Board'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 Tourism Board's internal control over financial reporting and compliance.

Respectfully submitted,



Percy & Gray, PSC  
Certified Public Accountants

September 20, 2018

**WHITLEY COUNTY TOURISM BOARD  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

**June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

**June 30, 2018**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 10,238
Total Assets	<u>10,238</u>

**LIABILITIES**

Current Liabilities:

Financing Obligation Payable	36,592
Total Current Liabilities	<u>36,592</u>

Noncurrent Liabilities

Financing Obligation Payable	9,583
Total Current Liabilities	<u>9,583</u>

Total Liabilities

46,175

**NET POSITION**

Unrestricted	(35,937)
Total Net Position	<u>\$ (35,937)</u>

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

**WHITLEY COUNTY TOURISM BOARD  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**Functions/Programs:**

Governmental Activities	
Recreation and Culture	\$ 141,690
Interest on Long-term Debt	892
	<hr/>
Total Governmental Activities	<u>\$ 142,582</u>

**General Revenues**

Transient Room Tax	\$ 66,435
Donations	2,439
Reimbursements	628
Interest	160
Total General Revenues	<hr/> 69,662
Change in Net Position	(72,920)
Net Position- Beginning	<hr/> 36,983
Net Position- Ending	<u>\$ (35,937)</u>

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



**WHITLEY COUNTY TOURISM BOARD**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD  
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2018**

**ASSETS**

Cash and Cash Equivalents	<u>\$ 10,238</u>
Total Assets	<u><u>\$ 10,238</u></u>

**FUND BALANCES**

**Assigned To:**

Recreation and Culture	<u>\$ 10,238</u>
Total Fund Balances	<u><u>\$ 10,238</u></u>

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:**

Total Fund Balances	\$ 10,238
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Financing Obligations	<u>(46,175)</u>
Net Assets	<u><u>\$ (35,937)</u></u>

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

**WHITLEY COUNTY TOURISM BOARD  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**REVENUES**

Transient Room Tax	\$ 66,435
Donations	2,439
Reimbursements	628
Total Revenues	<u>69,502</u>

**EXPENDITURES**

Advertising	19,315
Appraisal Services	3,925
Audit Services	675
Website Services	820
Special Event Funding	26,000
Tourism Projects	350
Office Supplies	50
Project Specific Costs	4,070
Contributions	4,495
Reimbursements	86
Debt Service	9,717
Other Capital Outlay	81,904
Total Expenditures	<u>151,407</u>

Excess (Deficiency) of Revenues Over Expenditures Before Other	<u>(81,905)</u>
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**Other Financing Sources (Uses)**

Interest	160
Leasing Receipts	55,000
Total Other Financing Sources (Uses)	<u>55,160</u>

Net Change in Fund Balances	(26,745)
Fund Balances - Beginning	36,983
Fund Balances - Ending	<u>\$ 10,238</u>

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

**WHITLEY COUNTY TOURISM BOARD  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2018**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances	\$ (26,745)
<p>The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.</p>	
Financing Obligation Proceeds	(55,000)
Financing Obligation Principal Payments	<u>8,825</u>
Change in Net Position	<u>\$ (72,920)</u>

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

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TO THE FINANCIAL STATEMENTS**

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**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018**

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

**A. Basis of Presentation**

The Whitley County Tourism Board presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

**B. Reporting Entity**

The Whitley County Tourism Board is a special purpose entity in Whitley County, Kentucky that was established by the Whitley Fiscal Court on September 1, 2009. The Tourism Board was established to promote and develop convention and tourist activities and facilities within the Whitley County. The Board is governed by KRS 91A.350 (2), 91A.360, 91A.390, 91A.392, 91A.391, and other applicable provisions of the Kentucky Revised Statutes. Members of the Board are appointed by the Judge/Executive. The financial statements of the Tourism Board include the funds, agencies, boards, and entities for which the Tourism Board is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented. The Tourism Board has no component units.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.



**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (Continued)**

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The entity may also designate any fund as major.

**Governmental Funds**

General Fund – The General Fund is the general operating fund of the Tourism Board, this fund is used to account for all financial resources.

**D. Deposits and Investments**

The government's cash and cash equivalents are 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 funds of the Tourism Board available for investment shall be invested in accordance with the Tourism Board's investment policy and all applicable state statutes. The Tourism's policy lists the following allowable investments:

- 1) Cash Equivalents (Treasury Bills, Money Market Funds, STIF Funds, Commercial Paper, Banker's Acceptances, Repurchase Agreements, Certificates of Deposits)
- 2) Fixed Income Securities (U.S. Government and Agency Securities, Corporate Notes and Bonds, Mortgage Backed Bonds, Preferred Stocks, Collateralized Mortgage Obligations, Exchange Traded Funds)
- 3) Equity Securities (Common Stocks, Convertible Notes and Bonds, Convertible Preferred Stocks, American Depository Receipts of Non-U.S. Companies, Stocks of Non-U.S. Companies (Ordinary Shares), Exchange Traded Funds)

**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**  
**(Continued)**

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

**D. Deposits and Investments (Continued)**

KRS 66.480 authorizes the county 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 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). Investments are recorded at cost and changes in fair market value of investments are not recorded.

**E. 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 in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset. Though there is a capitalization policy established, the Tourism Board does not have any capitalized assets.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 15,000	10-75
Machinery and Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-25

**F. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

Spendable include the following:

- Restricted - amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed - amounts constrained for a specific purpose by the entity using its highest level of decision making authority.

**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**  
**(Continued)**

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

**F. Fund Equity (Continued)**

- Assigned - for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, amounts constrained by intent to be used for a specified purpose by the entity or the delegated committee or official given authority to assign amounts.
- Unassigned - for the general fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

It is the policy of the entity to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

**G. Budgetary Information**

The budget is prepared on the modified-cash basis of accounting. The budget is amended by Board approval and appropriations lapse at year-end.

**Note 2. Deposits and Investments**

**A. Deposits**

The primary government 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(4), 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 county 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 41.240(4). As of June 30, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transient Room Tax**

Effective the same date as the creation of the Tourism Board, the Whitley County Fiscal Court enacted a monthly transient room tax of three percent (3%) of the gross rent of organizations doing business as motor courts, motels, hotels, inns or like businesses in Whitley County. All room tax revenues are to be remitted to the Tourist Board no later than 30 days following the last day of the month in which said tax has been charged.

**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2018**  
**(Continued)**

**Note 4. Long-Term Debt**

**A. Financing Obligation – Boat Ramp**

On November 7, 2017, the Whitley County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program to finance the construction of a boat ramp in the amount of \$55,000. The Whitley County Tourism Board subsequently signed an interlocal agreement where the Tourism Board agrees to pay the debt service payments. The agreement is to be paid in full on October 20, 2020. As of June 30, 2018, the principal outstanding was \$46,175. Future lease principal and interest requirements are:

Year Ended December 31	Principal	Interest and Fees
2019	\$ 36,592	\$ 2,279
2020	9,583	135
Totals	\$ 46,175	\$ 2,414

**B. Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financing Obligation	\$	\$ 55,000	\$ 8,825	\$ 46,175	\$ 36,592
Long-term Liabilities	\$ 0	\$ 55,000	\$ 8,825	\$ 46,175	\$ 36,592

**Note 5. Subsequent Events**

Management has evaluated subsequent events through September 20, 2018, the date which the financial statements were available to be issued. No other subsequent events have occurred.

**WHITLEY COUNTY TOURISM BOARD  
BUDGETARY COMPARISON SCHEDULE  
Other Information - Modified Cash Basis**

**For The Year Ended June 30, 2018**

**WHITLEY COUNTY TOURISM BOARD  
BUDGETARY COMPARISON SCHEDULE  
Other Information - Modified Cash Basis**

**For The Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Transient Room Tax	\$ 67,000	\$ 67,000	\$ 66,435	\$ (565)
State Grants	9,500	9,500		(9,500)
Donations	7,000	7,000	2,439	(4,561)
Reimbursements	100	100	628	528
Total Revenues	<u>83,600</u>	<u>83,600</u>	<u>69,502</u>	<u>(14,098)</u>
<b>EXPENDITURES</b>				
Advertising	9,500	19,316	19,315	1
Marketing	8,000	8,000		8,000
Appraisal Services	100	3,925	3,925	
Audit Services	3,000	3,000	675	2,325
Website Services	1,000	1,000	820	180
Engineering Services	100	100		100
Matching Funds	100	100		100
Special Event Funding	32,000	32,000	26,000	6,000
Tourism Projects	2,500	2,500	350	2,150
Office Supplies	100	100	50	50
Project Specific Cost	7,000	7,000	4,070	2,930
Bicentennial	2,000	2,000		2,000
Signage	100	100		100
Contributions	6,000	6,000	4,495	1,505
Memberships	100	100		100
Postage	100	100		100
Reimbursements	100	100	86	14
Conferences/Trainings	100	100		100
Mileage Reimbursements	100	100		100
Office Equipment	100	100		100
Debt Service	26,800	14,965	9,717	5,248
Other Capital Outlay	142,000	142,000	81,904	60,096
Administration	5,000	3,194		3,194
Total Expenditures	<u>245,900</u>	<u>245,900</u>	<u>151,407</u>	<u>94,493</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(162,300)</u>	<u>(162,300)</u>	<u>(81,905)</u>	<u>80,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leasing Receipts	142,000	142,000	55,000	(87,000)
Interest	300	300	160	(140)
Total Other Financing Sources (Uses)	<u>142,300</u>	<u>142,300</u>	<u>55,160</u>	<u>(87,140)</u>
Net Changes in Fund Balance	(20,000)	(20,000)	(26,745)	(6,745)
Fund Balance - Beginning	<u>20,000</u>	<u>20,000</u>	<u>36,983</u>	<u>16,983</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,238</u>	<u>\$ 10,238</u>

**WHITLEY COUNTY TOURISM BOARD**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**June 30, 2018**

**Note 1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

An annual operating budget is prepared by the director and presented to the board for approval at least sixty (60) days prior to the beginning of the next fiscal year. The budget reflects the cost of carrying out the programs and services of Whitley County Tourism Board for the next fiscal year. This budget also reflects the anticipated revenues of the Whitley County Tourism Board.

**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**





## PEEROY AND GRAY, PSC

### Certified Public Accountants

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The Honorable Terry Skinner, Whitley County Tourism Board Chairman  
Members of the Whitley County Tourism Board  
Honorable Jeffrey Gray, Treasurer

### 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

We have audited, in accordance with the 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 financial statements of the governmental activities of the Whitley County Tourism Board (Tourism Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Whitley County Tourism Board's basic financial statements, and have issued our report thereon dated September 20, 2018.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Whitley County Tourism Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Whitley County Tourism Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitley County Tourism Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitley County Tourism Board'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.

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  
(Continued)

### Compliance And Other Matters

As part of obtaining reasonable assurance about whether Whitley County Tourism Board's financial statements as of and for the year ended June 30, 2018, are 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. This report is intended solely for the information and use of management, others within the entity, and the Department for Local Government, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Percy & Gray, PSC  
Certified Public Accountants

September 20, 2018