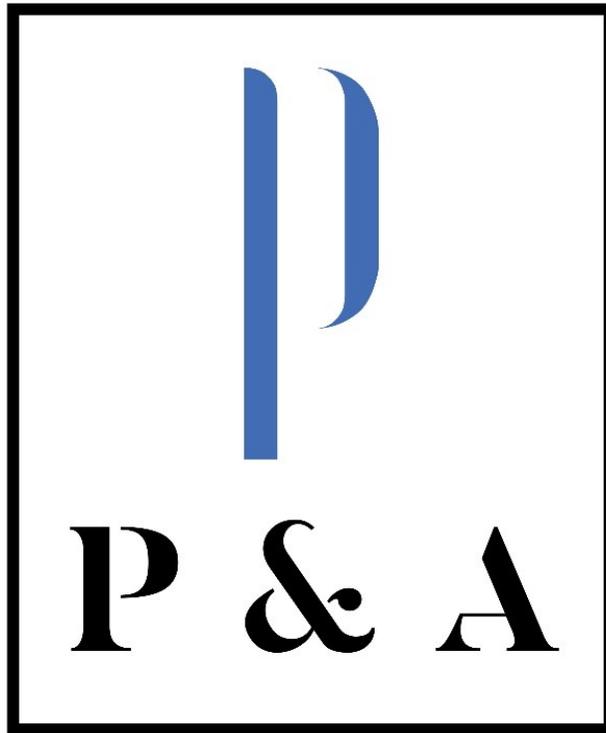


**REPORT OF THE AUDIT OF THE
WHITLEY COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2019**



PATRICK & ASSOCIATES, LLC

**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, 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, 2019, 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 Andy Beshear, Governor
Holly M. Johnson, 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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statement, subsequent to the date of the financial statement, the World Health Organization declared the outbreak of a novel corona virus as a pandemic. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information and Other Information

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 Schedule of Capital Assets 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 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Pat White, Jr., Whitley County Judge/Executive
Members of the Whitley County Fiscal Court

Other Matters (Continued)

Supplementary and Other Information (Continued)

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 are fairly stated in all material respects in relation to the financial statement as a whole.

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, 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,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

April 20, 2020

WHITLEY COUNTY OFFICIALS**For The Year Ended June 30, 2019****Fiscal Court Members:**

Pat White, Jr.	County Judge/Executive
Mondo Cima (January 7, 2019 through June 30, 2019)	Magistrate
Raleigh Meadors (January 7, 2019 through June 30, 2019)	Magistrate
Scotty Harrison	Magistrate
Lon "Chuck" Head (July 1, 2018 through January 6, 2019)	Magistrate
Michael Jarboe	Magistrate
Robbie Brown (July 1, 2018 through January 6, 2019)	Magistrate

Other Elected Officials:

Robert Hammons	County Attorney
Brian Lawson	Jailer
Kay Schwartz	County Clerk
Gary Barton	Circuit Court Clerk
Todd Shelley (January 7, 2019 through June 30, 2019)	Sheriff
Colan Harrell (July 1, 2018 through January 6, 2019)	Sheriff
Ronnie Moss	Property Valuation Administrator
Andy J. Croley	Coroner

Appointed Personnel:

Jeffrey L. Gray	County Treasurer
Kim Medley (June 1, 2019 through June 30, 2019)	Finance Officer
Evelyn McCullah (July 1, 2018 through May 31, 2019)	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, 2019

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

For The Year Ended June 30, 2019

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 1,453,523	\$ 80,073	\$
In Lieu Tax Payments	102,164		
Excess Fees	189,653		
Licenses and Permits	16,874		
Intergovernmental	475,772	2,165,687	1,524,498
Charges for Services			85,250
Miscellaneous	59,638	26,240	208,572
Interest	4,936	3,994	2,993
Total Receipts	<u>2,302,560</u>	<u>2,275,994</u>	<u>1,821,313</u>
DISBURSEMENTS			
Current:			
General Government	1,960,717	1,298	
Protection to Persons and Property	199,216		2,212,525
General Health and Sanitation	197,887		
Social Services	8,536		
Recreation and Culture			
Roads		1,846,717	
Debt Service	54,251	65,307	
Administration	791,977	468,557	613,640
Total Disbursements	<u>3,212,584</u>	<u>2,381,879</u>	<u>2,826,165</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(910,024)</u>	<u>(105,885)</u>	<u>(1,004,852)</u>
Other Adjustments to Cash (Uses)			
Short-Term Financing Obligation Proceeds			
Financing Obligation Proceeds		186,700	
Transfers From Other Funds	2,340,158	168,000	1,587,400
Transfers To Other Funds	(1,651,960)	(97,236)	(527,740)
Total Other Adjustments to Cash (Uses)	<u>688,198</u>	<u>257,464</u>	<u>1,059,660</u>
Net Change in Fund Balance	(221,826)	151,579	54,808
Fund Balance - Beginning	822,535	46,031	13,335
Fund Balance - Ending	<u>\$ 600,709</u>	<u>\$ 197,610</u>	<u>\$ 68,143</u>
Composition of Fund Balance			
Bank Balance	\$ 611,096	\$ 202,139	\$ 70,060
Less: Outstanding Checks	<u>(10,387)</u>	<u>(4,529)</u>	<u>(1,917)</u>
Fund Balance - Ending	<u>\$ 600,709</u>	<u>\$ 197,610</u>	<u>\$ 68,143</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, 2019
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	Ambulance Fund	Forestry Fund	Occupational Tax Fund	Tourist Tax Fund	911 Fund
\$	\$	\$	\$ 3,334	\$ 5,045,526	\$ 64,278	\$ 443,040
456,028	214,621	209,395				232,192
		2,267,191				
1,100		22,545				275,339
3,170		2,148	55	8,595	54	2,485
<u>460,298</u>	<u>214,621</u>	<u>2,501,279</u>	<u>3,389</u>	<u>5,054,121</u>	<u>64,332</u>	<u>953,056</u>
64,895				143,310		
		1,839,052	3,481			441,283
60,000					64,943	
110,983	412,947					
		33,348				
	214,621	602,409		2,584,300		407,787
<u>235,878</u>	<u>627,568</u>	<u>2,474,809</u>	<u>3,481</u>	<u>2,727,610</u>	<u>64,943</u>	<u>849,070</u>
224,420	(412,947)	26,470	(92)	2,326,511	(611)	103,986
	437,000					
		69,000				
	97,236	167,560				
(271,000)		(167,560)		(2,172,598)		
<u>(271,000)</u>	<u>534,236</u>	<u>69,000</u>		<u>(2,172,598)</u>		
(46,580)	121,289	95,470	(92)	153,913	(611)	103,986
126,989	50	106,812	5,098	192,362	6,709	170,275
<u>\$ 80,409</u>	<u>\$ 121,339</u>	<u>\$ 202,282</u>	<u>\$ 5,006</u>	<u>\$ 346,275</u>	<u>\$ 6,098</u>	<u>\$ 274,261</u>
\$ 80,409	\$ 121,339	\$ 209,507	\$ 5,006	\$ 346,275	\$ 6,098	\$ 276,094
		(7,225)				(1,833)
<u>\$ 80,409</u>	<u>\$ 121,339</u>	<u>\$ 202,282</u>	<u>\$ 5,006</u>	<u>\$ 346,275</u>	<u>\$ 6,098</u>	<u>\$ 274,261</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, 2019
(Continued)

	Unbudgeted Funds				Total Funds
	Detention Center Public Properties Corporation Fund	Justice Center Public Properties Corporation Bond Fund	Justice Center Public Properties Corporation Construction Fund	Jail Commissary Fund	
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 7,089,774
In Lieu Tax Payments					102,164
Excess Fees					189,653
Licenses and Permits					16,874
Intergovernmental		1,157,486			6,435,679
Charges for Services					2,352,441
Miscellaneous				274,016	867,450
Interest	610	172	139	113	29,464
Total Receipts	<u>610</u>	<u>1,157,658</u>	<u>139</u>	<u>274,129</u>	<u>17,083,499</u>
DISBURSEMENTS					
Current:					
General Government					2,170,220
Protection to Persons and Property					4,695,557
General Health and Sanitation					197,887
Social Services					8,536
Recreation and Culture				325,652	450,595
Roads					2,370,647
Debt Service	528,262	1,155,286			1,836,454
Administration		2,200			5,685,491
Total Disbursements	<u>528,262</u>	<u>1,157,486</u>		<u>325,652</u>	<u>17,415,387</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(527,652)</u>	<u>172</u>	<u>139</u>	<u>(51,523)</u>	<u>(331,888)</u>
Other Adjustments to Cash (Uses)					
Short-Term Financing Obligation Proceeds					437,000
Financing Obligation Proceeds					255,700
Transfers From Other Funds	527,740				4,888,094
Transfers To Other Funds					(4,888,094)
Total Other Adjustments to Cash (Uses)	<u>527,740</u>				<u>692,700</u>
Net Change in Fund Balance	88	172	139	(51,523)	360,812
Fund Balance - Beginning	469	3	7,852	153,801	1,652,321
Fund Balance - Ending	<u>\$ 557</u>	<u>\$ 175</u>	<u>\$ 7,991</u>	<u>\$ 102,278</u>	<u>\$ 2,013,133</u>
Composition of Fund Balance					
Bank Balance	\$ 557	\$ 175	\$ 7,991	\$ 108,285	\$ 2,045,031
Less: Outstanding Checks				(6,007)	(31,898)
Ending Fund Balance	<u>\$ 557</u>	<u>\$ 175</u>	<u>\$ 7,991</u>	<u>\$ 102,278</u>	<u>\$ 2,013,133</u>

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

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TO THE FINANCIAL STATEMENT**

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**WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

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 following entities: Whitley County Tourism Board would have been included in the reporting entity under accounting principles generally accepted in the United State of America (GAAP) as established by the Government Accounting Standards Board. However under the regulatory basis they are no longer are required components of the reporting entity. Copies of the reports for the Whitley County Tourism Board can be obtained from the Whitley County Fiscal Court at PO Box 237, Williamsburg, KY 40769.

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, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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.

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. The Department for Local Government does not require the fiscal court to budget this 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 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.

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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)

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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 2. Deposits (Continued)

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, 2019, 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 2019.

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	Occupational Tax Fund	Ambulance Fund	Total Transfers In
General Fund	\$	\$	\$	\$	\$2,172,598	\$ 167,560	\$ 2,340,158
Road Fund	168,000						168,000
Jail Fund	1,316,400			271,000			1,587,400
Ambulance Fund	167,560						167,560
Federal Grants Fund		97,236					97,236
Detention Center Public Properties Corporation Fund			527,740				527,740
Total Transfers Out	<u>\$1,651,960</u>	<u>\$ 97,236</u>	<u>\$ 527,740</u>	<u>\$ 271,000</u>	<u>\$2,172,598</u>	<u>\$ 167,560</u>	<u>\$ 4,888,094</u>

Reason for transfers:

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

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, 2019, was \$3,451.

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, 2019. The future minimum lease payments for the operating lease are as follows:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Operating Leases (Continued)

A. Office Space Rental (Continued)

Fiscal Year Ended June 30	EMS
2020	\$ 12,000
2021	12,000
2022	12,000
2023	12,000
2024	12,000
2025-2029	60,000
2030	12,000
	<u>\$ 132,000</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 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	Payment
2020	\$ 7,200
2021	7,200
2022	7,200
2023	7,200
2024	7,200
2025-2029	36,000
2030-2033	28,800
	<u>\$ 100,800</u>

Note 6. Short-term Debt

The Whitley County Fiscal Court entered into a short-term agreement with the Kentucky Association of Counties (KACo) in the amount of \$437,000 to perform road repairs due to storm damage. The note was for a period of one year at an interest rate of 4.86 percent totaling \$23,369 for the term of the agreement. In the case of default payments are accelerated and the total outstanding becomes due immediately. As of June 30, 2019, total outstanding was \$437,000.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$ 437,000	\$	\$ 437,000	\$ 437,000
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 437,000</u>	<u>\$ 0</u>	<u>\$ 437,000</u>	<u>\$ 437,000</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Long-term Debt

A. General Obligation Bonds

1. General Obligation Bonds, Series 2013 (Detention Center)

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. In the case of default payments are accelerated and the total outstanding becomes due immediately. The maturity date is June 1, 2031. As of June 30, 2019, bonds outstanding were \$4,995,000.

Fiscal Year Ended June 30	Principal	Scheduled Interest
2020	\$ 395,000	\$ 140,663
2021	400,000	131,775
2022	410,000	122,275
2023	420,000	112,025
2024	385,000	101,525
2025-2029	2,095,000	341,500
2030-2031	890,000	43,063
Totals	<u>\$ 4,995,000</u>	<u>\$ 992,826</u>

B. Revenue Bonds

1. 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 \$3,665,000 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Long-term Debt (Continued)

B. Revenue Bonds (Continued)

1. First Mortgage Revenue Bonds, Partial Refunding of Series 2009, By First Mortgage Revenue Refunding Bonds Series 2017 (Continued)

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. . In the case of default payments are accelerated and the total outstanding becomes due immediately. As of June 30, 2019, the principal balance was \$3,665,000 for the Series 2009 bonds and \$7,054,999 for the Series 2017. Future debt service requirements are:

First Mortgage Revenue Bonds, Series 2009		
Fiscal Year Ended	Principal	Scheduled Interest
June 30		
2020	\$ 870,000	\$ 110,219
2021	900,000	80,350
2022	930,000	49,469
2023	965,000	16,888
Totals	<u>\$ 3,665,000</u>	<u>\$ 256,926</u>

First Mortgage Revenue Refunding Bonds, Series 2017		
Fiscal Year Ended	Principal	Scheduled Interest
June 30		
2020		\$ 177,786
2021	33,951	177,358
2022	75,599	175,978
2023	77,529	174,048
2024	1,076,266	159,511
2025-2029	5,791,654	371,985
Totals	<u>\$ 7,054,999</u>	<u>\$ 1,236,666</u>

C. Direct Borrowings and Direct Placements

1. 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. In the case of default, payments become due immediately and the land is considered collateral. The principal balance was \$65,400 as of June 30, 2019. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Long-term Debt (Continued)

C. Direct Borrowings and Direct Placements (Continued)

1. Land Purchase (Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2020	\$ 32,700	\$ 2,301
2021	32,700	458
Totals	<u>\$ 65,400</u>	<u>\$ 2,759</u>

2. 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. In the case of default, payments become due immediately and the purchases were considered collateral. As of June 30, 2019, the principal balance was paid in full.

3. 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. In the case of default, payments become due immediately and the vehicles are considered collateral. The principal balance was \$35,220 as of June 30, 2019. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2019	\$ 15,948	\$ 909
2021	16,474	382
2022	2,798	11
Totals	<u>\$ 35,220</u>	<u>\$ 1,302</u>

4. Ambulance

On March 6, 2018, 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 in the amount of \$55,000. Terms of the agreement stipulate a repayment schedule in which the final payment is due on March 20, 2021, with a fixed interest rate of 3.95 percent with principal and interest payments due monthly. In the case of default, payments become due immediately and the vehicle is considered collateral. The principal balance was \$24,332 as of June 30, 2019. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Long-term Debt (Continued)

C. Direct Borrowings and Direct Placements (Continued)

4. Ambulance (Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2019	\$ 13,698	\$ 715
2021	10,634	176
Totals	<u>\$ 24,332</u>	<u>\$ 891</u>

5. Boat Ramp – Tourism Board

On November 7, 2017, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the construction of Croley Bend Boat Ramp in the amount of \$40,600. On October 9, 2018, the Whitley County Tourism Board signed an agreement that obligates the Tourism Board for the payments of this financing obligation. Terms of the agreement stipulate a repayment schedule in which the final payment is due on October 20, 2020, with a fixed interest rate of 3.75 percent with principal and interest payments due monthly. In the case of default, payments become due immediately and the land is considered collateral. The principal balance was \$28,220 as of June 30, 2019. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2019	\$ 18,637	\$ 798
2021	9,583	135
Totals	<u>\$ 28,220</u>	<u>\$ 933</u>

6. Ambulance

On September 14, 2018, 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 in the amount of \$69,000. Terms of the agreement stipulate a repayment schedule in which the final payment is due on October 20, 2022, with a fixed interest rate of 4.15 percent with principal and interest payments due monthly. In the case of default, payments become due immediately and the vehicle is considered collateral. The principal balance was \$57,500 as of June 30, 2019. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2020	\$ 17,250	\$ 2,269
2021	17,250	1,476
2022	17,250	689
2023	5,750	55
Totals	<u>\$ 57,500</u>	<u>\$ 4,489</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Long-term Debt (Continued)

C. Direct Borrowings and Direct Placements (Continued)

7. Road Equipment

On May 9, 2019, 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 for \$186,700. Terms of the agreement stipulate a repayment schedule in which the final payment is due on December 20, 2023, with a fixed interest rate of 4.25 percent with principal and interest payments due monthly. In the case of default, payments become due immediately and the purchases are considered collateral. The principal balance was \$183,305 as of June 30, 2019. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2020	\$ 40,735	\$ 7,114
2021	40,734	5,340
2022	40,735	3,585
2023	40,734	1,830
2024	<u>20,367</u>	<u>257</u>
Totals	<u>\$ 183,305</u>	<u>\$ 18,126</u>

D. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Lease	\$ 5,375,000	\$	\$ 380,000	\$ 4,995,000	\$ 395,000
Revenue Bonds	11,559,999		840,000	10,719,999	870,000
Direct Borrowings and Direct Placements	<u>298,076</u>	<u>255,700</u>	<u>159,799</u>	<u>393,977</u>	<u>138,968</u>
Total Long-term Debt	<u>\$ 17,233,075</u>	<u>\$ 255,700</u>	<u>\$ 1,379,799</u>	<u>\$16,108,976</u>	<u>\$ 1,403,968</u>

Note 8. Contingencies

The county is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant, in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 9. 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 2017 was \$511,454, FY 2019 was \$545,084, and FY 2019 was \$622,386.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 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 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 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 4 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 21.48 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 9. Employee Retirement System (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board 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 hazardous member's account is credited with a 7.5 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 35.34 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage – Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, 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.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 9. Employee Retirement System (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, 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 by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5% cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

A. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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 by 1.5 percent. 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 was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

B. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

C. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

D. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 9. Employee Retirement System (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report

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 proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. 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 10. 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 501 High Street 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 11. Insurance

For the fiscal year ended June 30, 2019, 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 12. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 6, 2020 the Governor of Kentucky declared a state of emergency and subsequently ordered all nonessential businesses closed on March 26, 2020 until further notice. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the County's financial operations. Possible effects may include, but are not limited to, disruption to the County's revenue in the form of property and occupational tax collections and absenteeism in the County's labor work force. While the County expects this matter to negatively impact its financial operations, the related impact cannot be reasonably estimated at this time.

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

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WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,349,000	\$ 1,425,325	\$ 1,453,523	\$ 28,198
In Lieu Tax Payments	94,600	95,729	102,164	6,435
Excess Fees		184,968	189,653	4,685
Licenses and Permits	16,700	16,700	16,874	174
Intergovernmental	573,503	651,594	475,772	(175,822)
Miscellaneous	4,100	42,847	59,638	16,791
Interest	2,800	3,881	4,936	1,055
Total Receipts	<u>2,040,703</u>	<u>2,421,044</u>	<u>2,302,560</u>	<u>(118,484)</u>
DISBURSEMENTS				
General Government	1,784,869	2,134,950	1,960,717	174,233
Protection to Persons and Property	172,978	244,589	199,216	45,373
General Health and Sanitation	288,780	371,695	197,887	173,808
Social Services	6,500	9,036	8,536	500
Debt Service	306,892	308,792	54,251	254,541
Administration	795,782	1,339,615	791,977	547,638
Total Disbursements	<u>3,355,801</u>	<u>4,408,677</u>	<u>3,212,584</u>	<u>1,196,093</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,315,098)</u>	<u>(1,987,633)</u>	<u>(910,024)</u>	<u>1,077,609</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,050,410	3,050,410	2,340,158	(710,252)
Transfers To Other Funds	(2,135,312)	(2,135,312)	(1,651,960)	483,352
Short-Term Borrowing	250,000	250,000		(250,000)
Total Other Adjustments to Cash (Uses)	<u>1,165,098</u>	<u>1,165,098</u>	<u>688,198</u>	<u>(476,900)</u>
Net Change in Fund Balance	(150,000)	(822,535)	(221,826)	600,709
Fund Balance Beginning	<u>150,000</u>	<u>822,535</u>	<u>822,535</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 600,709</u>	<u>\$ 600,709</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 33,000	\$ 75,536	\$ 80,073	\$ 4,537
Intergovernmental	2,160,781	2,830,039	2,165,687	(664,352)
Miscellaneous	2,100	30,544	26,240	(4,304)
Interest	1,000	2,564	3,994	1,430
Total Receipts	<u>2,196,881</u>	<u>2,938,683</u>	<u>2,275,994</u>	<u>(662,689)</u>
DISBURSEMENTS				
General Government	2,200	2,200	1,298	902
Roads	1,683,726	2,529,239	1,846,717	682,522
Debt Service	60,988	65,308	65,307	1
Administration	481,380	498,844	468,557	30,287
Total Disbursements	<u>2,228,294</u>	<u>3,095,591</u>	<u>2,381,879</u>	<u>713,712</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(31,413)</u>	<u>(156,908)</u>	<u>(105,885)</u>	<u>51,023</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		186,700	186,700	
Transfers From Other Funds	321,413	321,413	168,000	(153,413)
Transfers To Other Funds	(300,000)	(397,236)	(97,236)	300,000
Total Other Adjustments to Cash (Uses)	<u>21,413</u>	<u>110,877</u>	<u>257,464</u>	<u>146,587</u>
Net Change in Fund Balance	(10,000)	(46,031)	151,579	197,610
Fund Balance Beginning	<u>10,000</u>	<u>46,031</u>	<u>46,031</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 197,610</u>	<u>\$ 197,610</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,640,100	\$ 1,640,720	\$ 1,524,498	\$ (116,222)
Charges for Services	97,000	97,000	85,250	(11,750)
Miscellaneous	48,900	200,159	208,572	8,413
Interest Earned	500	2,364	2,993	629
Total Receipts	<u>1,786,500</u>	<u>1,940,243</u>	<u>1,821,313</u>	<u>(118,930)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,013,392	2,215,645	2,212,525	3,120
Debt Service	528,263	527,763	527,740	23
Administration	658,510	615,835	613,640	2,195
Total Disbursements	<u>3,200,165</u>	<u>3,359,243</u>	<u>3,353,905</u>	<u>5,338</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,413,665)</u>	<u>(1,419,000)</u>	<u>(1,532,592)</u>	<u>(113,592)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,655,665	1,655,665	1,587,400	(68,265)
Transfers To Other Funds	(250,000)	(250,000)		250,000
Total Other Adjustments to Cash (Uses)	<u>1,405,665</u>	<u>1,405,665</u>	<u>1,587,400</u>	<u>181,735</u>
Net Change in Fund Balance	(8,000)	(13,335)	54,808	68,143
Fund Balance Beginning	8,000	13,335	13,335	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,143</u>	<u>\$ 68,143</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 415,200	\$ 478,378	\$ 456,028	\$ (22,350)
Miscellaneous		1,100	1,100	
Interest	1,500	2,683	3,170	487
Total Receipts	416,700	482,161	460,298	(21,863)
DISBURSEMENTS				
General Government	6,200	64,995	64,895	100
Recreation and Culture	60,000	60,000	60,000	
Roads	135,100	141,009	110,983	30,026
Administration	5,000	32,745		32,745
Total Disbursements	206,300	298,749	235,878	62,871
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	210,400	183,412	224,420	41,008
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(310,400)	(310,400)	(271,000)	39,400
Total Other Adjustments to Cash (Uses)	(310,400)	(310,400)	(271,000)	39,400
Net Change in Fund Balance	(100,000)	(126,988)	(46,580)	80,408
Fund Balance Beginning	100,000	126,988	126,989	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 80,409	\$ 80,409

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

FEDERAL GRANTS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 100	\$ 861,573	\$ 214,621	\$ (646,952)
Total Receipts	100	861,573	214,621	(646,952)
DISBURSEMENTS				
Roads		619,705	412,947	206,758
Debt Service		522,469		522,469
Capital Projects	100	100		100
Administration		339,004	214,621	124,383
Total Disbursements	100	1,481,278	627,568	853,710
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(619,705)	(412,947)	206,758
Other Adjustments to Cash (Uses)				
Short-Term Financing Obligation Proceeds		522,469	437,000	(85,469)
Transfers From Other Funds		97,236	97,236	
Transfers To Other Funds	(50)	(50)		50
Total Other Adjustments to Cash (Uses)	(50)	619,655	534,236	(85,419)
Net Change in Fund Balance	(50)	(50)	121,289	121,339
Fund Balance Beginning	50	50	50	
Fund Balance - Ending	\$ 0	\$ 0	\$ 121,339	\$ 121,339

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 60,000	\$ 224,072	\$ 209,395	\$ (14,677)
Charges for Services	2,000,300	2,012,450	2,267,191	254,741
Miscellaneous	2,000	22,770	22,545	(225)
Interest	500	1,412	2,148	736
Total Receipts	<u>2,062,800</u>	<u>2,260,704</u>	<u>2,501,279</u>	<u>240,575</u>
DISBURSEMENTS				
Protection to Persons and Property	1,621,600	1,899,290	1,839,052	60,238
Debt Service	19,599	33,549	33,348	201
Administration	692,675	635,751	602,409	33,342
Total Disbursements	<u>2,333,874</u>	<u>2,568,590</u>	<u>2,474,809</u>	<u>93,781</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(271,074)</u>	<u>(307,886)</u>	<u>26,470</u>	<u>334,356</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	75,000	75,000	69,000	(6,000)
Transfers From Other Funds	393,634	393,634	167,560	(226,074)
Transfers To Other Funds	(267,560)	(267,560)	(167,560)	100,000
Total Other Adjustments to Cash (Uses)	<u>201,074</u>	<u>201,074</u>	<u>69,000</u>	<u>(132,074)</u>
Net Change in Fund Balance	(70,000)	(106,812)	95,470	202,282
Fund Balance Beginning	<u>70,000</u>	<u>106,812</u>	<u>106,812</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 202,282</u>	<u>\$ 202,282</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	FORESTRY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,600	\$ 4,600	\$ 3,334	\$ (1,266)
Miscellaneous	175	175		(175)
Interest	30	40	55	15
Total Receipts	<u>4,805</u>	<u>4,815</u>	<u>3,389</u>	<u>(1,426)</u>
DISBURSEMENTS				
Protection to Persons and Property	4,000	4,000	3,481	519
Administration	4,805	5,913		5,913
Total Disbursements	<u>8,805</u>	<u>9,913</u>	<u>3,481</u>	<u>6,432</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,000)</u>	<u>(5,098)</u>	<u>(92)</u>	<u>5,006</u>
Net Change in Fund Balance	(4,000)	(5,098)	(92)	5,006
Fund Balance Beginning	<u>4,000</u>	<u>5,098</u>	<u>5,098</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,006</u>	<u>\$ 5,006</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,050,000	\$ 5,069,453	\$ 5,045,526	\$ (23,927)
Miscellaneous	1,000	1,000		(1,000)
Interest	3,000	6,203	8,595	2,392
Total Receipts	<u>5,054,000</u>	<u>5,076,656</u>	<u>5,054,121</u>	<u>(22,535)</u>
DISBURSEMENTS				
General Government	134,400	147,004	143,310	3,694
Administration	2,861,800	2,964,213	2,584,300	379,913
Total Disbursements	<u>2,996,200</u>	<u>3,111,217</u>	<u>2,727,610</u>	<u>383,607</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,057,800</u>	<u>1,965,439</u>	<u>2,326,511</u>	<u>361,072</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	14,798	14,798		(14,798)
Transfers To Other Funds	<u>(2,172,598)</u>	<u>(2,172,598)</u>	<u>(2,172,598)</u>	
Total Other Adjustments to Cash (Uses)	<u>(2,157,800)</u>	<u>(2,157,800)</u>	<u>(2,172,598)</u>	<u>(14,798)</u>
Net Change in Fund Balance	(100,000)	(192,361)	153,913	346,274
Fund Balance Beginning	<u>100,000</u>	<u>192,361</u>	<u>192,362</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 346,275</u>	<u>\$ 346,275</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	TOURIST TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 67,000	\$ 67,000	\$ 64,278	\$ (2,722)
Interest	75	75	54	(21)
Total Receipts	<u>67,075</u>	<u>67,075</u>	<u>64,332</u>	<u>(2,743)</u>
DISBURSEMENTS				
Recreation and Culture	67,000	73,208	64,943	8,265
Administration	575	575		575
Total Disbursements	<u>67,575</u>	<u>73,783</u>	<u>64,943</u>	<u>8,840</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(500)</u>	<u>(6,708)</u>	<u>(611)</u>	<u>6,097</u>
Net Change in Fund Balance	(500)	(6,708)	(611)	6,097
Fund Balance Beginning	<u>500</u>	<u>6,708</u>	<u>6,709</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,098</u>	<u>\$ 6,098</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 425,000	\$ 425,000	\$ 443,040	\$ 18,040
Intergovernmental	235,100	235,100	232,192	(2,908)
Miscellaneous	1,000	275,339	275,339	
Interest	600	1,729	2,485	756
Total Receipts	<u>661,700</u>	<u>937,168</u>	<u>953,056</u>	<u>15,888</u>
DISBURSEMENTS				
Protection to Persons and Property	458,200	475,198	441,283	33,915
Administration	278,500	632,245	407,787	224,458
Total Disbursements	<u>736,700</u>	<u>1,107,443</u>	<u>849,070</u>	<u>258,373</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(75,000)</u>	<u>(170,275)</u>	<u>103,986</u>	<u>274,261</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	89,798	89,798		(89,798)
Transfers To Other Funds	<u>(89,798)</u>	<u>(89,798)</u>		<u>89,798</u>
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(75,000)	(170,275)	103,986	274,261
Fund Balance Beginning	<u>75,000</u>	<u>170,275</u>	<u>170,275</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 274,261</u>	<u>\$ 274,261</u>

WHITLEY COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

Note 1. Budgetary Information

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

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

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

Note 2. Reconciliation of the Jail Fund

Total Disbursements-Budgetary Basis	\$ 3,353,905
To adjust for Public Properties Transfer	<u>(527,740)</u>
Total Disbursements-Regulatory Basis	<u>\$ 2,826,165</u>
Total Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 1,587,400
To adjust for AOC Payments	<u>(527,740)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u>\$ 1,059,660</u>

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

For The Year Ended June 30, 2019

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WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 565,858	\$	\$	\$ 565,858
Buildings	26,275,910	147,500		26,423,410
Vehicles & Equipment	2,630,952	435,728	34,420	3,032,260
Other Equipment	1,826,200	72,640		1,898,840
Infrastructure	13,347,493	667,202		14,014,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Assets	<u>\$ 44,646,413</u>	<u>\$ 1,323,070</u>	<u>\$ 34,420</u>	<u>\$45,935,063</u>

WHITLEY COUNTY
NOTES TO OTHER INFORMATION - REGULATORY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2019

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

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

**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***

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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, 2019, 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 April 20, 2020.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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,

Tammy R. Patrick, CPA

Tammy R. Patrick, CPA
Patrick & Associates, LLC

April 20, 2020

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

WHITLEY COUNTY FISCAL COURT

For The Year Ended June 30, 2019

Appendix A

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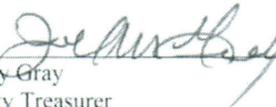
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
WHITLEY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2019

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.



Pat White, Jr.
County Judge/Executive



Jeffery Gray
County Treasurer