

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

**For The Year Ended
June 30, 2020**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
WHITLEY COUNTY OFFICIALS.....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	11
BUDGETARY COMPARISON SCHEDULES.....	31
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	42
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	45
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	46
SCHEDULE OF CAPITAL ASSETS.....	49
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	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 <i>GOVERNMENT AUDITING STANDARDS</i>	53
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE.....	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	61
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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, 2020, 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, 2020, 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, 2020, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary 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 the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) 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.

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)

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards 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 any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of the Whitley County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Whitley County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

July 30, 2021

WHITLEY COUNTY OFFICIALS**For The Year Ended June 30, 2020****Fiscal Court Members:**

Pat White, Jr.	County Judge/Executive
Scotty Harrison	Magistrate
Mondo Cima	Magistrate
Michael Jarboe	Magistrate
Raleigh Meadors	Magistrate

Other Elected Officials:

Robert Hammons	County Attorney
Brian Lawson	Jailer
Kay Schwartz (July 1, 2019 through November 30, 2019)	County Clerk
Carolyn Willis (December 1, 2019 though June 30, 2020)	County Clerk
Gary Barton	Circuit Court Clerk
Todd Shelley	Sheriff
Ronnie Moses	Property Valuation Administrator
Andy J. Croley	Coroner

Appointed Personnel:

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

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

For The Year Ended June 30, 2020

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

For The Year Ended June 30, 2020

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 1,424,426	\$	\$
In Lieu Tax Payments	110,540	76,433	
Excess Fees	194,820		
Licenses and Permits	15,608		
Intergovernmental	506,130	3,286,851	1,523,001
Charges for Services			82,632
Miscellaneous	51,545	24,736	60,584
Interest	10,516	10,347	928
Total Receipts	<u>2,313,585</u>	<u>3,398,367</u>	<u>1,667,145</u>
DISBURSEMENTS			
General Government	1,978,545	310	
Protection to Persons and Property	154,708		2,067,267
General Health and Sanitation	234,913		
Social Services	4,500		
Recreation and Culture			
Roads		2,808,924	
Debt Service	136,753	47,849	535,663
Administration	808,324	460,753	603,122
Total Disbursements	<u>3,317,743</u>	<u>3,317,836</u>	<u>3,206,052</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,004,158)</u>	<u>80,531</u>	<u>(1,538,907)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	2,445,500	90,000	1,478,863
Transfers To Other Funds	(1,433,863)	(60,000)	
Financing Obligation Proceeds			
Total Other Adjustments to Cash (Uses)	<u>1,011,637</u>	<u>30,000</u>	<u>1,478,863</u>
Net Change in Fund Balance	7,479	110,531	(60,044)
Fund Balance - Beginning (Restated)	<u>600,709</u>	<u>197,610</u>	<u>68,700</u>
Fund Balance - Ending	<u>\$ 608,188</u>	<u>\$ 308,141</u>	<u>\$ 8,656</u>
Composition of Fund Balance			
Bank Balance	\$ 610,703	\$ 308,661	\$ 8,656
Less: Outstanding Checks	<u>(2,515)</u>	<u>(520)</u>	
Fund Balance - Ending	<u>\$ 608,188</u>	<u>\$ 308,141</u>	<u>\$ 8,656</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, 2020
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	Ambulance Fund	Forestry Fund	Sanitation Fund	Occupational Tax Fund	Tourism Tax Fund
\$	\$	\$	\$ 3,349	\$	\$ 5,066,722	\$ 49,222
643,514	448,592	114,382				
		2,282,638		26,970		
		1,076	114	35	32	
2,165		4,432	102	361	12,659	119
<u>645,679</u>	<u>448,592</u>	<u>2,402,528</u>	<u>3,565</u>	<u>27,366</u>	<u>5,079,413</u>	<u>49,341</u>
217,114					109,112	
		1,510,839	3,481			
				168,195		
60,000						54,893
112,826	246,045					
	371,281	33,931		6,818		
	111,320	559,866			2,677,069	
<u>389,940</u>	<u>728,646</u>	<u>2,104,636</u>	<u>3,481</u>	<u>175,013</u>	<u>2,786,181</u>	<u>54,893</u>
255,739	(280,054)	297,892	84	(147,647)	2,293,232	(5,552)
				90,000		
(225,000)					(2,385,500)	
	158,765			74,000		
<u>(225,000)</u>	<u>158,765</u>			<u>164,000</u>	<u>(2,385,500)</u>	
30,739	(121,289)	297,892	84	16,353	(92,268)	(5,552)
80,409	121,339	202,602	5,006		346,275	6,098
<u>\$ 111,148</u>	<u>\$ 50</u>	<u>\$ 500,494</u>	<u>\$ 5,090</u>	<u>\$ 16,353</u>	<u>\$ 254,007</u>	<u>\$ 546</u>
\$ 111,148	\$ 50	\$ 514,350	\$ 5,090	\$ 16,353	\$ 254,007	\$ 546
		(13,856)				
<u>\$ 111,148</u>	<u>\$ 50</u>	<u>\$ 500,494</u>	<u>\$ 5,090</u>	<u>\$ 16,353</u>	<u>\$ 254,007</u>	<u>\$ 546</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, 2020
(Continued)

	<u>Budgeted Funds</u>	<u>Unbudgeted Funds</u>	
	<u>911 Fund</u>	<u>Justice Center Public Properties Corporation Bond Fund</u>	<u>Justice Center Public Properties Corporation Construction Fund</u>
RECEIPTS			
Taxes	\$ 445,317	\$	\$
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental	241,718	1,160,205	
Charges for Services			
Miscellaneous	956		
Interest	5,794	311	92
Total Receipts	<u>693,785</u>	<u>1,160,516</u>	<u>92</u>
DISBURSEMENTS			
General Government			
Protection to Persons and Property	418,390		
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Debt Service		1,158,005	
Administration	152,049	2,200	
Total Disbursements	<u>570,439</u>	<u>1,160,205</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>123,346</u>	<u>311</u>	<u>92</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			
Transfers To Other Funds			
Financing Obligation Proceeds			
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	123,346	311	92
Fund Balance - Beginning (Restated)	<u>274,261</u>	<u>175</u>	<u>7,991</u>
Fund Balance - Ending	<u>\$ 397,607</u>	<u>\$ 486</u>	<u>\$ 8,083</u>
Composition of Fund Balance			
Bank Balance	\$ 397,657	\$ 486	\$ 8,083
Less: Outstanding Checks	(50)		
Fund Balance - Ending	<u>\$ 397,607</u>	<u>\$ 486</u>	<u>\$ 8,083</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, 2020
(Continued)

Unbudgeted Funds

Jail Commissary Fund	Total Funds
\$	\$ 6,989,036
	186,973
	194,820
	15,608
	7,924,393
	2,392,240
351,493	490,571
126	47,952
<u>351,619</u>	<u>18,241,593</u>
	2,305,081
	4,154,685
	403,108
	4,500
346,602	461,495
	3,167,795
	2,290,300
	5,374,703
<u>346,602</u>	<u>18,161,667</u>
	5,017
<u>5,017</u>	<u>79,926</u>
	4,104,363
	(4,104,363)
	232,765
	<u>232,765</u>
5,017	312,691
102,278	2,013,453
<u>\$ 107,295</u>	<u>\$ 2,326,144</u>
\$ 116,566	\$ 2,352,356
(9,271)	(26,212)
<u>\$ 107,295</u>	<u>\$ 2,326,144</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
NOTE 2.	DEPOSITS	14
NOTE 3.	TRANSFERS.....	15
NOTE 4.	CUSTODIAL FUNDS	15
NOTE 5.	OPERATING LEASES.....	15
NOTE 6.	SHORT-TERM DEBT	16
NOTE 7.	LONG-TERM DEBT	17
NOTE 8.	EMPLOYEE RETIREMENT SYSTEM	23
NOTE 9.	DEFERRED COMPENSATION.....	26
NOTE 10.	INSURANCE.....	27
NOTE 11.	PRIOR PERIOD ADJUSTMENTS	27

**WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Whitley County includes all budgeted and unbudgeted funds under the control of the Whitley County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The Whitley County Tourism Board would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, it is no longer a required component of the reporting entity.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

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.

Sanitation Fund - The primary purpose of this fund is to account for garbage collection fee receipts collected by the county.

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

Tourism Tax Fund - The primary purpose of this fund is to account for tourism 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:

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

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

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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 justice center public properties corporation bond and construction funds to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Whitley County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Whitley County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Whitley County Fiscal Court.

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

F. Deposits and Investments

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

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 Obligations 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 organization's 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 on this criteria, the following are considered joint ventures of the Whitley County Fiscal Court:

The Williamsburg/Whitley County Airport Board
 Bell/Whitley County Community Action Group

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected 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, 2020
(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 the *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2020, 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 2020.

	General Fund	Road Fund	LGEA Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 60,000	\$	\$ 2,385,500	\$ 2,445,500
Road Fund	90,000				90,000
Jail Fund	1,253,863		225,000		1,478,863
Sanitation Fund	90,000				90,000
Total Transfers Out	<u>\$ 1,433,863</u>	<u>\$ 60,000</u>	<u>\$ 225,000</u>	<u>\$ 2,385,500</u>	<u>\$ 4,104,363</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. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2020 was \$2,008.

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, 2020. The future minimum lease payments for the operating lease are as follows:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 5. Operating Leases (Continued)

A. Office Space Rental (Continued)

Fiscal Year Ended June 30	Amount
2021	\$ 12,000
2022	12,000
2023	12,000
2024	12,000
2025	12,000
2026-2030	<u>60,000</u>
Total Minimum Lease Payments	<u>\$ 120,000</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 for construction, operation, and maintenance of a radio transmission tower. The lease commenced on October 1, 2008, and terminated on October 1, 2014, with an automatic extension of four additional terms of five years each (renewal term). The lease amount is \$7,200 per year to be paid in equal monthly installments of \$600. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ended June 30	Amount
2021	\$ 7,200
2022	7,200
2023	7,200
2024	7,200
2025	7,200
2026-2030	36,000
2031-2033	<u>21,600</u>
Total Minimum Lease Payments	<u>\$ 93,600</u>

Note 6. Short-term Debt

A. Direct Borrowings and Direct Placements

On February 19, 2019, the Whitley County Fiscal Court entered into a short-term agreement with the Kentucky Association of Counties 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 would have been accelerated and the total outstanding would have become due immediately. As of June 30, 2020, the short-term debt was paid in full.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 6. Short-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

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

Note 7. Long-term Debt

A. 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, the balance becomes due immediately and the land is considered collateral. The principal balance was \$32,700 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 32,700	\$ 520
Totals	<u>\$ 32,700</u>	<u>\$ 520</u>

2. 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, the balance becomes due immediately and the vehicles are considered collateral. The principal balance was \$19,272 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 16,474	\$ 382
2022	2,798	11
Totals	<u>\$ 19,272</u>	<u>\$ 393</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. 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 \$10,634 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 10,634	\$ 176
Totals	<u>\$ 10,634</u>	<u>\$ 176</u>

4. Boat Ramp

On November 7, 2017, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust (KACo) 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. As such the Tourism Board is making the payments directly to KACo. 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 \$9,583 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 9,583	\$ 135
Totals	<u>\$ 9,583</u>	<u>\$ 135</u>

5. 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 22, 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 \$40,250 as of June 30, 2020. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

5. Ambulance (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 17,250	\$ 1,476
2022	17,250	689
2023	<u>5,750</u>	<u>55</u>
Totals	<u>\$ 40,250</u>	<u>\$ 2,220</u>

6. 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 in the amount of \$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 \$142,570 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
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>\$ 142,570</u>	<u>\$ 11,012</u>

7. Sanitation Truck

On January 23, 2020, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of a garbage truck in the amount of \$74,000. Terms of the agreement stipulate a repayment schedule in which the final payment is due on January 20, 2025, with a fixed interest rate of 3.99 percent with principal and interest payments due monthly. In the case of default, the balance become due immediately and the truck is considered collateral. The principal balance was \$68,494 as of June 30, 2020. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

7. Sanitation Truck (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 13,896	\$ 2,481
2022	14,461	1,916
2023	15,049	1,328
2024	15,660	717
2025	<u>9,428</u>	<u>126</u>
Totals	<u>\$ 68,494</u>	<u>\$ 6,568</u>

8. FEMA Projects Loan

On May 27, 2020, Whitley County entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing Federal Emergency Management Agency (FEMA) projects. The initial drawdown was \$158,765 with future drawdowns not to exceed a total amount of \$450,000. Terms of the agreement stipulate a repayment schedule with a fixed interest rate of 4.0 percent with interest payments due monthly and the principal payment due on May 20, 2023. In the case of default, the balance becomes due immediately and the FEMA projects are considered collateral. The principal balance was \$158,765 as of June 30, 2020. Future debt service requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$	\$ 6,351
2022		6,351
2023	<u>158,765</u>	<u>5,828</u>
Totals	<u>\$ 158,765</u>	<u>\$ 18,530</u>

B. Other Debt

1. General Obligation Bonds, Series 2013

On April 16, 2013, the county issued \$7,160,000 of General Obligation Bonds, Series 2013, with interest rates of 2 percent through 3.25 percent payable semiannually June 1 and December 1. These bonds were issued by Whitley County Kentucky for the purpose of refunding Whitley County Kentucky General Obligation Bonds (Detention Facilities Project), Series 2002, \$7,800,000, dated April 1, 2002, and refunding the \$605,000 City of Ewing, Kentucky Area Development Districts Financing Trust Lease Acquisition Program Revenue Bonds (Court Facilities Project), Fixed Rate Series 2000, dated July 3, 2003 and the underlying Lease; accrued interest, if any; and the Cost of Issuance. The outstanding principal balance of the bonds was \$4,600,000 as of June 30, 2020, with principal paid annually on June 1. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

1. General Obligation Bonds, Series 2013 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 400,000	\$ 131,775
2022	410,000	122,275
2023	420,000	112,025
2024	385,000	101,525
2025	395,000	91,900
2026-2030	2,155,000	278,525
2031	435,000	14,138
Totals	<u>\$ 4,600,000</u>	<u>\$ 852,163</u>

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

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

The series 2009 bonds that were partially refunded have a current balance of \$5,320,000 after partially being refunded. They were issued at various interest rates ranging from 2 percent to 4 percent. The series 2017 bonds have a current balance of \$7,054,999. They were issued at an interest rate of 2.52 percent. The PPC has entered into an agreement to lease the Whitley County Judicial Center to the fiscal court for the amount of the total bond payments. The fiscal court has a sublease with the Administrative Office of the Courts (AOC), Commonwealth of Kentucky, for approximately 100 percent of the Whitley County Judicial Center, whereby AOC makes semi-annual payments directly to the paying agent to fund the debt service for the bond issue. Principal payments for the 2009 series issue and the 2017 series issue are due annually on September 1 and interest payments are due semiannually on March 1 and September 1. As of June 30, 2020, the principal balance was \$2,795,000 for the Series 2009 and \$7,054,999 for the Series 2017. Future debt service requirements are:

Series 2009

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 900,000	\$ 80,350
2022	930,000	49,469
2023	965,000	16,888
Totals	<u>\$ 2,795,000</u>	<u>\$ 146,707</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long Term Debt (Continued)

B. Other Debt (Continued)

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

Series 2017

Fiscal Year Ending June 30	Principal	Scheduled Interest
2021	\$ 33,951	\$ 177,358
2022	75,599	175,978
2023	77,529	174,048
2024	1,076,266	159,511
2025	1,101,559	132,070
2026-2029	<u>4,690,095</u>	<u>239,915</u>
Totals	<u>\$ 7,054,999</u>	<u>\$ 1,058,880</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2020, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 1,333,951	\$ 389,483	\$ 141,271	\$ 16,861
2022	1,415,599	347,722	75,244	12,552
2023	1,462,529	302,961	220,298	9,041
2024	1,461,266	261,036	36,027	974
2025	1,496,559	223,970	9,428	126
2026-2030	6,845,095	518,440		
2031-2035	435,000	14,138		
	<u>\$ 14,449,999</u>	<u>\$ 2,057,750</u>	<u>\$ 482,268</u>	<u>\$ 39,554</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 7. Long Term Debt (Continued)

D. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Lease	\$ 4,995,000	\$	\$ 395,000	\$ 4,600,000	\$ 400,000
Revenue Bonds	10,719,999		870,000	9,849,999	933,951
Direct Borrowings and Direct Placements	393,977	232,765	144,474	482,268	141,271
Total Long-term Debt	<u>\$ 16,108,976</u>	<u>\$ 232,765</u>	<u>\$ 1,409,474</u>	<u>\$ 14,932,267</u>	<u>\$ 1,475,222</u>

Note 8. Employee Retirement System

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

The county's contribution for FY 2018 was \$545,084, FY 2019 was \$622,386, and FY 2020 was \$690,681.

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 24.06 percent.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 8. Employee Retirement System (Continued)

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.

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 39.58 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

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

Once members reach a minimum vesting period of 15 years, they 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 percent. 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 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.

C. 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.

D. 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. 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.

F. 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.

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 9. Deferred Compensation

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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2020
(Continued)

Note 10. Insurance

For the fiscal year ended June 30, 2020, the Whitley County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Prior Period Adjustments

	<u>Jail Fund</u>	<u>Ambulance Fund</u>
Ending Balance, June 30, 2019	\$ 68,143	\$ 202,282
Adjustments:		
Detention Center Bond Account	557	
Voided Checks		320
	<u> </u>	<u> </u>
Restated Beginning Balance, July 1, 2019	<u>\$ 68,700</u>	<u>\$ 202,602</u>

THIS PAGE LEFT BLANK INTENTIONALLY

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,420,000	\$ 1,470,787	\$ 1,424,426	\$ (46,361)
In Lieu Tax Payments	95,000	96,319	110,540	14,221
Excess Fees		194,820	194,820	
Licenses and Permits	17,000	17,000	15,608	(1,392)
Intergovernmental	481,503	576,040	506,130	(69,910)
Miscellaneous	4,400	46,809	51,545	4,736
Interest	3,500	8,954	10,516	1,562
Total Receipts	<u>2,021,403</u>	<u>2,410,729</u>	<u>2,313,585</u>	<u>(97,144)</u>
DISBURSEMENTS				
General Government	1,885,315	2,174,375	1,978,545	195,830
Protection to Persons and Property	179,578	201,823	154,708	47,115
General Health and Sanitation	260,780	329,279	234,913	94,366
Social Services	9,100	9,100	4,500	4,600
Debt Service	333,541	849,260	136,753	712,507
Administration	933,038	1,097,230	808,324	288,906
Total Disbursements	<u>3,601,352</u>	<u>4,661,067</u>	<u>3,317,743</u>	<u>1,343,324</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,579,949)</u>	<u>(2,250,338)</u>	<u>(1,004,158)</u>	<u>1,246,180</u>
Other Adjustments to Cash (Uses)				
Tax Anticipation Note	250,000	250,000		(250,000)
Transfers From Other Funds	3,140,050	3,741,330	2,445,500	(1,295,830)
Transfers To Other Funds	(2,251,701)	(2,791,701)	(1,433,863)	1,357,838
Government Leasing Receipts		450,000		(450,000)
Total Other Adjustments to Cash (Uses)	<u>1,138,349</u>	<u>1,649,629</u>	<u>1,011,637</u>	<u>(637,992)</u>
Net Change in Fund Balance	(441,600)	(600,709)	7,479	608,188
Fund Balance - Beginning	441,600	600,709	600,709	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 608,188</u>	<u>\$ 608,188</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 75,000	\$ 76,433	\$ 76,433	\$
Intergovernmental	3,035,512	3,294,127	3,286,851	(7,276)
Miscellaneous	2,100	20,066	24,736	4,670
Interest	1,500	8,607	10,347	1,740
Total Receipts	<u>3,114,112</u>	<u>3,399,233</u>	<u>3,398,367</u>	<u>(866)</u>
DISBURSEMENTS				
General Government	2,000	2,000	310	1,690
Roads	2,759,427	3,065,070	2,808,924	256,146
Debt Service	80,000	81,518	47,849	33,669
Administration	519,385	498,305	460,753	37,552
Total Disbursements	<u>3,360,812</u>	<u>3,646,893</u>	<u>3,317,836</u>	<u>329,057</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(246,700)</u>	<u>(247,660)</u>	<u>80,531</u>	<u>328,191</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	400,000	400,000	90,000	(310,000)
Transfers To Other Funds	(350,000)	(350,000)	(60,000)	290,000
Total Other Adjustments to Cash (Uses)	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>(20,000)</u>
Net Change in Fund Balance	(196,700)	(197,660)	110,531	308,191
Fund Balance - Beginning	196,700	197,660	197,610	(50)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 308,141</u>	<u>\$ 308,141</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,579,000	\$ 1,596,861	\$ 1,523,001	\$ (73,860)
Charges for Services	85,100	85,100	82,632	(2,468)
Miscellaneous	46,900	57,805	60,584	2,779
Interest	2,700	2,700	928	(1,772)
Total Receipts	<u>1,713,700</u>	<u>1,742,466</u>	<u>1,667,145</u>	<u>(75,321)</u>
DISBURSEMENTS				
Protection to Persons and Property	2,080,188	2,202,977	2,067,267	135,710
Debt Service	535,663	535,663	535,663	
Administration	692,850	659,469	603,122	56,347
Total Disbursements	<u>3,308,701</u>	<u>3,398,109</u>	<u>3,206,052</u>	<u>192,057</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,595,001)</u>	<u>(1,655,643)</u>	<u>(1,538,907)</u>	<u>116,736</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,762,501	1,762,501	1,478,863	(283,638)
Transfers To Other Funds	(175,000)	(175,000)		175,000
Total Other Adjustments to Cash (Uses)	<u>1,587,501</u>	<u>1,587,501</u>	<u>1,478,863</u>	<u>(108,638)</u>
Net Change in Fund Balance	(7,500)	(68,142)	(60,044)	8,098
Fund Balance - Beginning (Restated)	<u>7,500</u>	<u>68,142</u>	<u>68,700</u>	<u>558</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,656</u>	<u>\$ 8,656</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 390,200	\$ 671,274	\$ 643,514	\$ (27,760)
Interest	3,000	3,000	2,165	(835)
Total Receipts	<u>393,200</u>	<u>674,274</u>	<u>645,679</u>	<u>(28,595)</u>
DISBURSEMENTS				
General Government	8,700	217,215	217,114	101
Recreation and Culture	60,000	60,000	60,000	
Roads	93,100	136,720	112,826	23,894
Administration	3,600	104,947		104,947
Total Disbursements	<u>165,400</u>	<u>518,882</u>	<u>389,940</u>	<u>128,942</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>227,800</u>	<u>155,392</u>	<u>255,739</u>	<u>100,347</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(235,800)</u>	<u>(235,800)</u>	<u>(225,000)</u>	<u>10,800</u>
Total Other Adjustments to Cash (Uses)	<u>(235,800)</u>	<u>(235,800)</u>	<u>(225,000)</u>	<u>10,800</u>
Net Change in Fund Balance	(8,000)	(80,408)	30,739	111,147
Fund Balance - Beginning	8,000	80,408	80,409	1
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 111,148</u>	<u>\$ 111,148</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 776,104	\$ 561,483	\$ 448,592	\$ (112,891)
Total Receipts	<u>776,104</u>	<u>561,483</u>	<u>448,592</u>	<u>(112,891)</u>
DISBURSEMENTS				
Roads	437,000	280,055	246,045	34,010
Debt Service	437,000	437,000	371,281	65,719
Capital Projects	100	100		100
Administration	339,004	124,383	111,320	13,063
Total Disbursements	<u>1,213,104</u>	<u>841,538</u>	<u>728,646</u>	<u>112,892</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(437,000)</u>	<u>(280,055)</u>	<u>(280,054)</u>	<u>1</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		450,000		(450,000)
Transfers To Other Funds	(50)	(450,050)		450,050
Transfer In From Line Of Credit		158,765	158,765	
Total Other Adjustments to Cash (Uses)	<u>(50)</u>	<u>158,715</u>	<u>158,765</u>	<u>50</u>
Net Change in Fund Balance	(437,050)	(121,340)	(121,289)	51
Fund Balance - Beginning	<u>437,050</u>	<u>121,340</u>	<u>121,339</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 50</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 114,381	\$ 114,382	\$ 1
Charges for Services	2,225,300	2,227,950	2,282,638	54,688
Miscellaneous	2,000	2,075	1,076	(999)
Interest	750	2,777	4,432	1,655
Total Receipts	<u>2,238,050</u>	<u>2,347,183</u>	<u>2,402,528</u>	<u>55,345</u>
DISBURSEMENTS				
Protection to Persons and Property	1,564,300	1,746,729	1,510,839	235,890
Debt Service	33,933	33,933	33,931	2
Administration	699,817	768,803	559,866	208,937
Total Disbursements	<u>2,298,050</u>	<u>2,549,465</u>	<u>2,104,636</u>	<u>444,829</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(60,000)</u>	<u>(202,282)</u>	<u>297,892</u>	<u>500,174</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	175,000	175,000		(175,000)
Transfers To Other Funds	<u>(175,000)</u>	<u>(175,000)</u>		<u>175,000</u>
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(60,000)	(202,282)	297,892	500,174
Fund Balance - Beginning (Restated)	<u>60,000</u>	<u>202,282</u>	<u>202,602</u>	<u>320</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 500,494</u>	<u>\$ 500,494</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	FORESTRY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,600	\$ 4,600	\$ 3,349	\$ (1,251)
Miscellaneous	250	250	114	(136)
Interest	35	79	102	23
Total Receipts	<u>4,885</u>	<u>4,929</u>	<u>3,565</u>	<u>(1,364)</u>
DISBURSEMENTS				
Protection to Persons and Property	4,000	4,000	3,481	519
Administration	4,885	5,935		5,935
Total Disbursements	<u>8,885</u>	<u>9,935</u>	<u>3,481</u>	<u>6,454</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,000)</u>	<u>(5,006)</u>	<u>84</u>	<u>5,090</u>
Net Change in Fund Balance	(4,000)	(5,006)	84	5,090
Fund Balance - Beginning	<u>4,000</u>	<u>5,006</u>	<u>5,006</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,090</u>	<u>\$ 5,090</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	SANITATION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$		\$ 26,970	\$ (22,560)
Miscellaneous		\$ 49,530	35	(65)
Interest		270	361	91
Total Receipts		49,900	27,366	(22,534)
DISBURSEMENTS				
General Health and Sanitation		204,947	168,195	36,752
Debt Service		6,878	6,818	60
Administration		2,075		2,075
Total Disbursements		213,900	175,013	38,887
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(164,000)	(147,647)	16,353
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		90,000	90,000	
Governmental Leasing Receipts		74,000	74,000	
Total Other Adjustments to Cash (Uses)		164,000	164,000	
Net Change in Fund Balance			16,353	16,353
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 16,353	\$ 16,353

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 5,050,000	\$ 5,050,000	\$ 5,066,722	\$ 16,722
Miscellaneous	1,000	1,000	32	(968)
Interest	4,100	8,461	12,659	4,198
Total Receipts	<u>5,055,100</u>	<u>5,059,461</u>	<u>5,079,413</u>	<u>19,952</u>
DISBURSEMENTS				
General Government	112,500	117,501	109,112	8,389
Administration	2,752,600	2,846,955	2,677,069	169,886
Total Disbursements	<u>2,865,100</u>	<u>2,964,456</u>	<u>2,786,181</u>	<u>178,275</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,190,000</u>	<u>2,095,005</u>	<u>2,293,232</u>	<u>198,227</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds	(2,290,000)	(2,441,280)	(2,385,500)	55,780
Total Other Adjustments to Cash (Uses)	<u>(2,290,000)</u>	<u>(2,441,280)</u>	<u>(2,385,500)</u>	<u>55,780</u>
Net Change in Fund Balance	(100,000)	(346,275)	(92,268)	254,007
Fund Balance - Beginning	100,000	346,275	346,275	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 254,007</u>	<u>\$ 254,007</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	TOURISM TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 68,000	\$ 68,000	\$ 49,222	\$ (18,778)
Interest	75	109	119	10
Total Receipts	<u>68,075</u>	<u>68,109</u>	<u>49,341</u>	<u>(18,768)</u>
DISBURSEMENTS				
Recreation and Culture	67,500	73,098	54,893	18,205
Administration	1,075	1,109		1,109
Total Disbursements	<u>68,575</u>	<u>74,207</u>	<u>54,893</u>	<u>19,314</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(500)</u>	<u>(6,098)</u>	<u>(5,552)</u>	<u>546</u>
Net Change in Fund Balance	(500)	(6,098)	(5,552)	546
Fund Balance - Beginning	<u>500</u>	<u>6,098</u>	<u>6,098</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 546</u>	<u>\$ 546</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2020
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 440,000	\$ 440,000	\$ 445,317	\$ 5,317
Intergovernmental	225,100	225,100	241,718	16,618
Miscellaneous	1,000	1,000	956	(44)
Interest	1,500	4,119	5,794	1,675
Total Receipts	<u>667,600</u>	<u>670,219</u>	<u>693,785</u>	<u>23,566</u>
DISBURSEMENTS				
Protection to Persons and Property Administration	487,400	493,649	418,390	75,259
	<u>250,200</u>	<u>450,831</u>	<u>152,049</u>	<u>298,782</u>
Total Disbursements	<u>737,600</u>	<u>944,480</u>	<u>570,439</u>	<u>374,041</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(70,000)</u>	<u>(274,261)</u>	<u>123,346</u>	<u>397,607</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	100,000	100,000		(100,000)
Transfers To Other Funds	<u>(100,000)</u>	<u>(100,000)</u>		<u>100,000</u>
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(70,000)	(274,261)	123,346	397,607
Fund Balance - Beginning	<u>70,000</u>	<u>274,261</u>	<u>274,261</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 397,607</u>	<u>\$ 397,607</u>

WHITLEY COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2020

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.

**WHITLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

WHITLEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Justice</u>				
<i>Direct Program</i>				
Public Safety Partnership and Community Policing Grants	16.710	Unknown	\$ 111,321	\$ 111,321
Total U.S. Department of Justice			<u>111,321</u>	<u>111,321</u>
<u>U. S. Department of the Treasury</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
COVID-19 Coronavirus Relief Fund	21.019	2000004291	\$	\$ 775,119
Total U.S. Department of Treasury				<u>775,119</u>
<u>U. S. Department of Health and Human Services</u>				
<i>Direct Program</i>				
COVID-19 Provider Relief Fund	93.498	Unknown	\$	\$ 31,912
Total U.S. Department of Health and Human Services				<u>31,912</u>
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management:</i>				
Disaster Grants - Public Assistance (Presidential Declared Disasters)	97.036	1900001681	\$	\$ 246,045
Emergency Management Performance Grants	97.042	2000000513		10,939
<i>Direct Program</i>				
Assistance to Firefighters Grant	97.044	Unknown		12,920
Total U.S. Department of Homeland Security				<u>269,904</u>
Total Expenditures of Federal Awards			<u>\$ 111,321</u>	<u>\$ 1,188,256</u>

The accompanying notes are an integral part of this schedule.

WHITLEY COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Whitley County, Kentucky under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Whitley County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Whitley County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Whitley County has not adopted an indirect cost rate.

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

For The Year Ended June 30, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2020

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 565,858	\$	\$	\$ 565,858
Buildings and Building Improvements	26,423,410			26,423,410
Vehicles	3,032,260	621,181	60,000	3,593,441
Equipment	1,898,840	37,890		1,936,730
Infrastructure	14,014,695	1,871,653		15,886,348
Total Capital Assets	<u>\$ 45,935,063</u>	<u>\$ 2,530,724</u>	<u>\$ 60,000</u>	<u>\$ 48,405,787</u>

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

June 30, 2020

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 FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Pat White, Jr., Whitley County Judge/Executive
Members of the Whitley County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Whitley County Fiscal Court for the fiscal year ended June 30, 2020 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 July 30, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Whitley County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitley County Fiscal Court's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Whitley County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

July 30, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Pat White, Jr., Whitley County Judge/Executive
Members of the Whitley County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Whitley County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Whitley County Fiscal Court's major federal programs for the year ended June 30, 2020. The Whitley County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Whitley County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Whitley County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Whitley County Fiscal Court's compliance.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Opinion on Each Major Federal Program

In our opinion, the Whitley County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance


Management of the Whitley County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Whitley County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Whitley County Fiscal Court's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

July 30, 2021

**WHITLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

**WHITLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs [<i>unmodified, qualified, adverse, or disclaimer</i>]:		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

THIS PAGE LEFT BLANK INTENTIONALLY

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

WHITLEY COUNTY FISCAL COURT

For The Year Ended June 30, 2020

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2020

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.



County Judge/Executive



County Treasurer