

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

**For The Fiscal Year Ended
June 30, 2015**



PEERCY AND GRAY, PSC

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EXECUTIVE SUMMARY

AUDIT OF THE
WHITLEY COUNTY FISCAL COURT

June 30, 2015

Peercy & Gray, PSC has completed the audit of the Whitley County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit, on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Whitley County, Kentucky.

Financial Condition:

The Whitley County Fiscal Court had total receipts of \$14,906,665 total disbursements of \$15,439,521 in fiscal year 2015. This resulted in a total ending fund balance of \$1,039,898, which is a decrease of \$101,828 from the prior year.

Deposits:

The fiscal court deposits were insured and collateralized by bank securities.

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To the People of Kentucky

Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

Honorable Pat White Jr., Whitley County Judge/Executive

Members of the Whitley County Fiscal Court

Independent Auditors' 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, 2015, and the related notes to the financial statement which collectively comprise 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.

Auditors' 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
Honorable Matthew G. Bevin, Governor
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1, the financial statement is prepared by 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 Whitley County Fiscal Court as of June 30, 2015, 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 Whitley County Fiscal Court as of June 30, 2015, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Whitley County Fiscal Court. The budgetary comparison schedules and capital asset schedule are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules and capital asset schedule, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and capital asset schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
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Members of the Whitley County Fiscal Court

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2016 on our consideration of 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,



Percy & Gray, PSC
Certified Public Accountants

August 26, 2016

WHITLEY COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

Pat White, Jr.	County Judge/Executive
Roger Wells (ending December 31, 2014)	Magistrate
Michael Jarboe (beginning January 1, 2015)	Magistrate
David Myers (ending December 31, 2014)	Magistrate
Lon Head (beginning January 1, 2015)	Magistrate
Jamie Fuson (ending December 31, 2014)	Magistrate
Scotty Harrison (beginning January 1, 2015)	Magistrate
Robbie Brown	Magistrate

Other Elected Officials:

Robert Hammons	County Attorney
Ken Mobley (ending December 31, 2014)	Jailer
Brian Lawson (beginning January 1, 2015)	Jailer
Kay Schwartz	County Clerk
Gary Barton	Circuit Court Clerk
Colan Harrell	Sheriff
Ronnie Moses	Property Valuation Administrator
Andy J. Croley	Coroner

Appointed Personnel:

Jeffrey L. Gray	County Treasurer
Evelyn McCullah	Chief Financial Officer

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

For The Year Ended June 30, 2015

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

For The Year Ended June 30, 2015

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 1,316,022	\$	\$
In Lieu Tax Payments	80,905	80,131	
Excess Fees	57,142		
Licenses and Permits	16,544		
Intergovernmental	459,446	2,143,171	1,168,568
Charges for Services			148,504
Miscellaneous	48,180	22,783	140,259
Interest	2,196	806	271
Total Receipts	<u>1,980,435</u>	<u>2,246,891</u>	<u>1,457,602</u>
DISBURSEMENTS			
General Government	1,832,098		
Protection to Persons and Property	134,510		1,776,994
General Health and Sanitation	227,700		
Social Services	5,500		
Recreation and Culture			
Roads		2,051,805	
Debt Service	42,110	29,442	
Capital Projects			
Administration	680,276	457,754	556,021
Total Disbursements	<u>2,922,194</u>	<u>2,539,001</u>	<u>2,333,015</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(941,759)</u>	<u>(292,110)</u>	<u>(875,413)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds		341,528	
Transfers From Other Funds	2,627,025	325,000	1,437,200
Transfers To Other Funds	(1,852,100)	(325,000)	(526,063)
Total Other Adjustments to Cash (Uses)	<u>774,925</u>	<u>341,528</u>	<u>911,137</u>
Net Change in Fund Balance	(166,834)	49,418	35,724
Fund Balance - Beginning	369,130	272,106	8,923
Fund Balance - Ending	<u>\$ 202,296</u>	<u>\$ 321,524</u>	<u>\$ 44,647</u>
Composition of Fund Balance			
Bank Balance	\$ 205,214	\$ 325,702	\$ 45,208
Less: Outstanding Checks	(2,918)	(4,178)	(561)
Fund Balance - Ending	<u>\$ 202,296</u>	<u>\$ 321,524</u>	<u>\$ 44,647</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, 2015
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	Ambulance Fund	Forestry Fund	Occupational Tax Fund	Tourist Tax Fund	911 Fund
\$	\$	\$	\$ 3,341	\$ 4,435,008	\$ 57,460	\$ 213,628
620,563	213,043	10,000				157,638
		2,038,834				
		4,840	218			344
874		386	30	3,172	55	110
<u>621,437</u>	<u>213,043</u>	<u>2,054,060</u>	<u>3,589</u>	<u>4,438,180</u>	<u>57,515</u>	<u>371,720</u>
159,036				92,905		
		1,537,265	3,481			410,143
					58,556	
138,309		46,324				
	220,543					
		653,701		2,171,815		137,550
<u>297,345</u>	<u>220,543</u>	<u>2,237,290</u>	<u>3,481</u>	<u>2,264,720</u>	<u>58,556</u>	<u>547,693</u>
324,092	(7,500)	(183,230)	108	2,173,460	(1,041)	(175,973)
		89,500				
		147,800				173,700
(372,000)				(2,168,025)		
<u>(372,000)</u>		<u>237,300</u>		<u>(2,168,025)</u>		<u>173,700</u>
(47,908)	(7,500)	54,070	108	5,435	(1,041)	(2,273)
108,934	7,550	79,679	4,897	142,819	9,660	5,859
<u>\$ 61,026</u>	<u>\$ 50</u>	<u>\$ 133,749</u>	<u>\$ 5,005</u>	<u>\$ 148,254</u>	<u>\$ 8,619</u>	<u>\$ 3,586</u>
\$ 61,026	\$ 50	\$ 133,765	\$ 5,005	\$ 148,254	\$ 8,619	\$ 3,664
		(16)				(78)
<u>\$ 61,026</u>	<u>\$ 50</u>	<u>\$ 133,749</u>	<u>\$ 5,005</u>	<u>\$ 148,254</u>	<u>\$ 8,619</u>	<u>\$ 3,586</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, 2015
(Continued)

	Unbudgeted Funds				Total Funds
	Detention Center Public Properties Corporation Fund	Justice Center Public Properties Corporation Bond Fund	Justice Center Public Properties Corporation Construction Fund	Jail Commissary Fund	
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 6,025,459
In Lieu Tax Payments					161,036
Excess Fees					57,142
Licenses and Permits					16,544
Intergovernmental		1,233,059	53		6,005,541
Charges for Services					2,187,338
Miscellaneous				228,909	445,533
Interest	1		13	158	8,072
Total Receipts	<u>1</u>	<u>1,233,059</u>	<u>66</u>	<u>229,067</u>	<u>14,906,665</u>
DISBURSEMENTS					
General Government					2,084,039
Protection to Persons and Property					3,862,393
General Health and Sanitation					227,700
Social Services					5,500
Recreation and Culture				250,146	308,702
Roads					2,190,114
Debt Service	532,463	1,230,859			1,881,198
Capital Projects					220,543
Administration		2,200	15		4,659,332
Total Disbursements	<u>532,463</u>	<u>1,233,059</u>	<u>15</u>	<u>250,146</u>	<u>15,439,521</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(532,462)</u>		<u>51</u>	<u>(21,079)</u>	<u>(532,856)</u>
Other Adjustments to Cash (Uses)					
Financing Obligation Proceeds					431,028
Transfers From Other Funds	532,463				5,243,188
Transfers To Other Funds					(5,243,188)
Total Other Adjustments to Cash (Uses)	<u>532,463</u>				<u>431,028</u>
Net Change in Fund Balance	1		51	(21,079)	(101,828)
Fund Balance - Beginning	32,107		7,728	92,334	1,141,726
Fund Balance - Ending	<u>\$ 32,108</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 71,255</u>	<u>\$ 1,039,898</u>
Composition of Fund Balance					
Bank Balance	\$ 32,108	\$	\$ 7,779	\$ 74,841	\$ 1,051,235
Less Outstanding Checks				(3,586)	(11,337)
Ending Fund Balance	<u>\$ 32,108</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 71,255</u>	<u>\$ 1,039,898</u>

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

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TO THE FINANCIAL STATEMENT**

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WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

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 created to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

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

B. Basis of Accounting

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

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

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

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 source of receipts for this fund is state payments for truck licenses 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, 2015
(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 government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

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

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

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

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

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

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

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Detention Center Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of the Whitley County Detention Center. The Department for Local Government does not require the Fiscal Court to report or budget these funds.

Justice Center Public Properties Corporation Bond Fund - The purpose of this fund is to account for 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 report or budget these funds.

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 construction of the Whitley County Justice Center. The Department for Local Government does not require the Fiscal Court to report or budget these funds.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

Jail Commissary Fund - The Commissary operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

D. Budgetary Information

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

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

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Detention Center Public Properties Corporation Fund, the Justice Center Public Properties Corporation Bond Fund or the Justice Center Public Properties Corporation Construction Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

The State Local Finance Officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of these funds.

E. Whitley County Elected Officials

Kentucky law provides for election of the officials 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 Whitley County Fiscal Court.

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Related Organizations and Joint Venture

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 these criteria, the following are considered related organizations of Whitley County Fiscal Court: Whitley County Water District and Cumberland Falls Water Highway District.

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

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

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2015, 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 2015.

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 325,000	\$ 134,000	\$	\$ 2,168,025	\$ 2,627,025
Road Fund	325,000					325,000
Jail Fund	1,065,200			372,000		1,437,200
Ambulance Fund	147,800					147,800
911 Fund	173,700					173,700
Detention Center Public Properties Corporation Fund	140,400		392,063			532,463
Total Transfers Out	<u>\$1,852,100</u>	<u>\$ 325,000</u>	<u>\$ 526,063</u>	<u>\$ 372,000</u>	<u>\$ 2,168,025</u>	<u>\$ 5,243,188</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. Operating Leases

A. Office Space Rental

The Whitley County Fiscal Court entered into two operating lease agreements with the Williamsburg-Whitley County Airport Board, Inc. The first lease is 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 second lease is for rent for the 911 department at a rate of \$800 per month. The lease is for five years renegotiated at the end of the lease. Both agreements have an annual rent increase based upon the Consumer Price Index. The total expense related to these operating leases was \$21,600 for the fiscal year ended June 30, 2015. The future minimum lease payments for these operating leases are as follows:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Operating Leases (Continued)

A. Office Space Rental (Continued)

Fiscal Year Ended	
June 30	EMS
2016	\$ 12,000
2017	12,000
2018	12,000
2019	12,000
2020	12,000
2021-2025	60,000
2026-2030	60,000
	<u>\$ 180,000</u>

B. Tower Space Rental

The Whitley County Fiscal Court entered into a lease agreement with a land owner. The lease agreement is for 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 (4) additional terms of five (5) years each (Renewal Term). The lease amount is \$7,200 per year to be paid in equal monthly installments of \$600. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ended	
June 30	Payment
2016	\$ 7,200
2017	7,200
2018	7,200
2019	7,200
2020	7,200
2021-2025	36,000
2026-2030	36,000
2031-2033	21,600
	<u>\$ 129,600</u>

Note 5. Long-term Debt

A. General Obligation Bonds, Series 2013

On April 16, 2013, the county issued \$7,160,000 of General Obligation Bonds, Series 2014, with interest rates of 2.0% through 3.250% 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 \$6,480,000 as of June 30, 2015, with principal paid annually on June 1. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

A. General Obligation Bonds, Series 2013 (Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 360,000	\$ 170,363
2017	370,000	163,163
2018	375,000	155,763
2019	380,000	148,262
2020	395,000	140,663
2021-2025	2,010,000	559,500
2026-2030	2,155,000	278,536
2031	435,000	14,138
Totals	<u>\$ 6,480,000</u>	<u>\$ 1,630,388</u>

B. First Mortgage Revenue Bonds, Series 2010

The Whitley County Public Properties Corporation (PPC), an agency and instrumentality of the Whitley County Fiscal Court, issued first mortgage revenue bonds, series 2010, for the purpose of construction of the Whitley County Judicial Center. On September 1, 2010, \$17,105,000 in bonds was issued at various interest rates ranging from 2% to 4%. Since these bonds were issued at a discount of \$98,878, net bond proceeds were \$17,006,122. The PPC has entered into an agreement to lease the Whitley County Judicial Center to the fiscal court for the amount of the bond payments. The fiscal court has a sublease with the Administrative Office of the Courts (AOC), Commonwealth of Kentucky, for approximately 100% of the Whitley County Judicial Center, whereby the AOC makes semi-annual payments directly to the paying agent to fund the debt service for the bond issue. Principal payments are due annually on September 1st and interest payments are due semiannually on March 1st and September 1st. As of June 30, 2015, the principal balance was \$13,480,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 775,000	\$ 459,678
2017	795,000	439,059
2018	815,000	415,902
2019	840,000	391,078
2020	870,000	363,796
2021-2025	4,830,000	1,342,447
2026-2029	4,555,000	376,411
Totals	<u>\$ 13,480,000</u>	<u>\$ 3,788,371</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

C. Land Purchase

On October 1, 2010, Whitley County entered into a \$327,000 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the acquisition of land. Terms of the agreement stipulate a ten-year repayment schedule, with variable quarterly interest payments and fixed annual principal payments in the amount of \$32,700. The principal balance was \$196,200 as of June 30, 2015. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 32,700	\$ 7,923
2017	32,700	6,398
2018	32,700	4,892
2019	32,700	3,387
2020	32,700	1,885
2021	32,700	375
Totals	<u>\$ 196,200</u>	<u>\$ 24,860</u>

D. Dump Truck

On July 18, 2012, Whitley County entered into a \$119,825 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of a dump truck. Terms of the agreement stipulate a repayment schedule in which the final payment is due on July 20, 2017, with variable monthly interest payments and variable annual principal payments due on the 20th of each month. The principal balance was \$51,741 as of June 30, 2015. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 24,511	\$ 1,144
2017	25,111	445
2018	2,119	5
Totals	<u>\$ 51,741</u>	<u>\$ 1,594</u>

E. Ambulance

On October 26, 2012, Whitley County entered into a \$124,316 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of an ambulance. Terms of the agreement stipulate a repayment schedule in which the final payment is due on November 20, 2017, with variable monthly interest payments and variable annual principal payments due on the 20th of each month. The principal balance was \$49,815 as of June 30, 2015. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

E. Ambulance (Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 23,195	\$ 1,058
2017	18,700	506
2018	7,920	56
Totals	<u>\$ 49,815</u>	<u>\$ 1,620</u>

F. Road Equipment & Stretcher

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

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 122,786	\$ 11,252
2017	122,786	7,544
2018	122,785	3,837
2019	65,643	528
Totals	<u>\$ 434,000</u>	<u>\$ 23,161</u>

G. Ambulance

On September 22, 2014, Whitley County entered into a \$55,500 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the purchase of an ambulance. Terms of the agreement stipulate a repayment schedule in which the final payment is due on September 20, 2017, with variable monthly interest and principle payments due monthly. The principal balance was \$42,195 as of June 30, 2015. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2016	\$ 18,315	\$ 1,270
2017	19,014	571
2018	4,866	30
Totals	<u>\$ 42,195</u>	<u>\$ 1,871</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

H. Changes In Long-Term Debt

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 6,835,000		\$ 355,000	\$ 6,480,000	\$ 360,000
Revenue Bonds	14,235,000		755,000	13,480,000	775,000
Financing Obligations	383,860	489,500	99,409	773,951	221,507
Total Long-term Debt	<u>\$ 21,453,860</u>	<u>\$ 489,500</u>	<u>\$ 1,209,409</u>	<u>\$ 20,733,951</u>	<u>\$ 1,356,507</u>

Note 6. Employee Retirement System

A. Plan Description

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous and hazardous duty positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

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 the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

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% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (nonhazardous) and 8% (hazardous) of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (nonhazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$532,811, FY 2014 was \$546,068, and FY 2015 was \$532,360.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 6. Employee Retirement System (Continued)

A. Plan Description (Continued)

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 (members 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

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.

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

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen 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, such 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.

Kentucky Retirement Systems 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 6. Employee Retirement System (Continued)

B. Net Pension Liability

As promulgated by GASB Statement No. 68, the total pension liability for all employers participating in CERS was determined by an actuarial valuation as of June 30, 2014 measured as of the same date and is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements Whitley County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Hazardous	\$ 363,000	\$ 325,000
Non-Hazardous	<u>5,895,000</u>	<u>5,210,000</u>
Totals	<u>\$ 6,258,000</u>	<u>\$ 5,535,000</u>

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

Note 7. Deferred Compensation

In July 2003, the Whitley County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits 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 Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 8. Insurance

For the fiscal year ended June 30, 2015, Whitley County 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 a 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 9. Related Party Transaction

During the fiscal year ending June 30, 2015, the Whitley County Fiscal Court rented facilities that has shared ownership that includes the Whitley County Circuit Clerk, a related party. The facilities were used by Emergency Management and the total rent paid during the fiscal year was \$7,800.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 10. Agency Trust Funds

Trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The reconciled bank balance in the Jail Inmate Fund as of June 30, 2015 was \$12,517.

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,301,340	\$ 1,323,588	\$ 1,316,022	\$ (7,566)
In Lieu Tax Payments	54,500	54,500	80,905	26,405
Excess Fees	1,933	58,268	57,142	(1,126)
Licenses and Permits	16,200	16,200	16,544	344
Intergovernmental	345,240	492,470	459,446	(33,024)
Miscellaneous	8,385	34,078	48,180	14,102
Interest	2,500	2,500	2,196	(304)
Total Receipts	1,730,098	1,981,604	1,980,435	(1,169)
DISBURSEMENTS				
General Government	1,765,096	1,909,652	1,832,098	77,554
Protection to Persons and Property	163,765	152,813	134,510	18,303
General Health and Sanitation	275,225	343,938	227,700	116,238
Social Services	5,000	6,500	5,500	1,000
Debt Service	182,510	182,510	182,510	
Administration	720,279	722,099	680,276	41,823
Total Disbursements	3,111,875	3,317,512	3,062,594	254,918
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,381,777)</u>	<u>(1,335,908)</u>	<u>(1,082,159)</u>	<u>253,749</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,918,075	2,918,075	2,627,025	(291,050)
Transfers To Other Funds	(1,911,298)	(1,911,298)	(1,711,700)	199,598
Total Other Adjustments to Cash (Uses)	1,006,777	1,006,777	915,325	(91,452)
Net Change in Fund Balance	(375,000)	(329,131)	(166,834)	162,297
Fund Balance Beginning	375,000	369,131	369,130	(1)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 40,000</u>	<u>\$ 202,296</u>	<u>\$ 162,296</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 102,000	\$ 102,000	\$ 80,131	\$ (21,869)
Intergovernmental	2,272,269	2,456,148	2,143,171	(312,977)
Miscellaneous	2,000	10,666	22,783	12,117
Interest	1,000	1,000	806	(194)
Total Receipts	<u>2,377,269</u>	<u>2,569,814</u>	<u>2,246,891</u>	<u>(322,923)</u>
DISBURSEMENTS				
Roads	1,944,612	2,624,490	2,051,805	572,685
Debt Service	25,752	29,444	29,442	2
Administration	581,905	587,985	457,754	130,231
Total Disbursements	<u>2,552,269</u>	<u>3,241,919</u>	<u>2,539,001</u>	<u>702,918</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(175,000)</u>	<u>(672,105)</u>	<u>(292,110)</u>	<u>379,995</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		400,000	341,528	(58,472)
Transfers From Other Funds	400,000	400,000	325,000	(75,000)
Transfers To Other Funds	(400,000)	(400,000)	(325,000)	75,000
Total Other Adjustments to Cash (Uses)		<u>400,000</u>	<u>341,528</u>	<u>(58,472)</u>
Net Change in Fund Balance	(175,000)	(272,105)	49,418	321,523
Fund Balance Beginning	175,000	272,105	272,106	1
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 321,524</u>	<u>\$ 321,524</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,390,700	\$ 1,391,471	\$ 1,168,568	\$ (222,903)
Charges for Services	154,600	154,861	148,504	(6,357)
Miscellaneous	43,500	121,169	140,259	19,090
Interest	500	500	271	(229)
Total Receipts	<u>1,589,300</u>	<u>1,668,001</u>	<u>1,457,602</u>	<u>(210,399)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,856,264	1,854,069	1,776,994	77,075
Debt Service	392,063	392,063	392,063	
Administration	637,671	662,490	556,021	106,469
Total Disbursements	<u>2,885,998</u>	<u>2,908,622</u>	<u>2,725,078</u>	<u>183,544</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,296,698)</u>	<u>(1,240,621)</u>	<u>(1,267,476)</u>	<u>(26,855)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,431,698	1,431,698	1,437,200	5,502
Transfers To Other Funds	<u>(200,000)</u>	<u>(200,000)</u>	<u>(134,000)</u>	<u>66,000</u>
Total Other Adjustments to Cash (Uses)	<u>1,231,698</u>	<u>1,231,698</u>	<u>1,303,200</u>	<u>71,502</u>
Net Change in Fund Balance	(65,000)	(8,923)	35,724	44,647
Fund Balance Beginning	<u>65,000</u>	<u>8,923</u>	<u>8,923</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,647</u>	<u>\$ 44,647</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 944,000	\$ 944,000	\$ 620,563	\$ (323,437)
Interest	1,000	1,000	874	(126)
Total Receipts	945,000	945,000	621,437	(323,563)
DISBURSEMENTS				
General Government	482,100	482,100	159,036	323,064
Roads	109,500	177,348	138,309	39,039
Administration	1,400	22,485		22,485
Total Disbursements	593,000	681,933	297,345	384,588
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	352,000	263,067	324,092	61,025
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(372,000)	(372,000)	(372,000)	
Total Other Adjustments to Cash (Uses)	(372,000)	(372,000)	(372,000)	
Net Change in Fund Balance	(20,000)	(108,933)	(47,908)	61,025
Fund Balance Beginning	20,000	108,933	108,934	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 61,026	\$ 61,026

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,008,000	\$ 1,008,000	\$ 213,043	\$ (794,957)
Total Receipts	<u>1,008,000</u>	<u>1,008,000</u>	<u>213,043</u>	<u>(794,957)</u>
DISBURSEMENTS				
Capital Projects	1,008,000	1,015,500	220,543	794,957
Total Disbursements	<u>1,008,000</u>	<u>1,015,500</u>	<u>220,543</u>	<u>794,957</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(7,500)</u>	<u>(7,500)</u>	
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(50)</u>	<u>(50)</u>		<u>50</u>
Total Other Adjustments to Cash (Uses)	<u>(50)</u>	<u>(50)</u>		<u>50</u>
Net Change in Fund Balance	(50)	(7,550)	(7,500)	50
Fund Balance Beginning	<u>50</u>	<u>7,550</u>	<u>7,550</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, 2015
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	1,975,000	1,975,000	2,038,834	63,834
Miscellaneous	2,000	3,940	4,840	900
Interest	300	300	386	86
Total Receipts	<u>1,987,300</u>	<u>1,989,240</u>	<u>2,054,060</u>	<u>64,820</u>
DISBURSEMENTS				
Protection to Persons and Property	1,543,550	1,569,241	1,503,265	65,976
Debt Service	53,322	53,322	46,324	6,998
Administration	695,428	711,356	653,701	57,655
Total Disbursements	<u>2,292,300</u>	<u>2,333,919</u>	<u>2,203,290</u>	<u>130,629</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(305,000)</u>	<u>(344,679)</u>	<u>(149,230)</u>	<u>195,449</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	100,000	100,000	55,500	(44,500)
Transfers From Other Funds	225,000	225,000	147,800	(77,200)
Transfers To Other Funds	(100,000)	(100,000)		100,000
Total Other Adjustments to Cash (Uses)	<u>225,000</u>	<u>225,000</u>	<u>203,300</u>	<u>(21,700)</u>
Net Change in Fund Balance	(80,000)	(119,679)	54,070	173,749
Fund Balance Beginning	<u>80,000</u>	<u>79,679</u>	<u>79,679</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (40,000)</u>	<u>\$ 133,749</u>	<u>\$ 173,749</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	FORESTRY FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 3,600	\$ 3,600	\$ 3,341	\$ (259)
Miscellaneous	50	218	218	
Interest	50	50	30	(20)
Total Receipts	<u>3,700</u>	<u>3,868</u>	<u>3,589</u>	<u>(279)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,500	3,500	3,481	19
Administration	4,200	5,264		5,264
Total Disbursements	<u>7,700</u>	<u>8,764</u>	<u>3,481</u>	<u>5,283</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,000)</u>	<u>(4,896)</u>	<u>108</u>	<u>5,004</u>
Net Change in Fund Balance	(4,000)	(4,896)	108	5,004
Fund Balance Beginning	<u>4,000</u>	<u>4,896</u>	<u>4,897</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,005</u>	<u>\$ 5,005</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

OCCUPATIONAL TAX FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	RECEIPTS			
Taxes	\$ 4,260,000	\$ 4,358,856	\$ 4,435,008	\$ 76,152
Miscellaneous	50	50		(50)
Interest	2,500	2,500	3,172	672
Total Receipts	<u>4,262,550</u>	<u>4,361,406</u>	<u>4,438,180</u>	<u>76,774</u>
DISBURSEMENTS				
General Government	100,550	101,389	92,905	8,484
Administration	2,088,975	2,234,810	2,171,815	62,995
Total Disbursements	<u>2,189,525</u>	<u>2,336,199</u>	<u>2,264,720</u>	<u>71,479</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,073,025</u>	<u>2,025,207</u>	<u>2,173,460</u>	<u>148,253</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	<u>(2,168,025)</u>	<u>(2,168,025)</u>	<u>(2,168,025)</u>	
Total Other Adjustments to Cash (Uses)	<u>(2,168,025)</u>	<u>(2,168,025)</u>	<u>(2,168,025)</u>	
Net Change in Fund Balance	(95,000)	(142,818)	5,435	148,253
Fund Balance Beginning	<u>95,000</u>	<u>142,818</u>	<u>142,819</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,254</u>	<u>\$ 148,254</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

TOURIST TAX FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 60,000	\$ 60,000	\$ 57,460	\$ (2,540)
Interest	50	50	55	5
Total Receipts	<u>60,050</u>	<u>60,050</u>	<u>57,515</u>	<u>(2,535)</u>
DISBURSEMENTS				
Recreation and Culture	60,150	67,209	58,556	8,653
Administration	2,500	2,500		2,500
Total Disbursements	<u>62,650</u>	<u>69,709</u>	<u>58,556</u>	<u>11,153</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,600)</u>	<u>(9,659)</u>	<u>(1,041)</u>	<u>8,618</u>
Net Change in Fund Balance	(2,600)	(9,659)	(1,041)	8,618
Fund Balance Beginning	<u>2,600</u>	<u>9,659</u>	<u>9,660</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,619</u>	<u>\$ 8,619</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 230,000	\$ 230,000	\$ 213,628	\$ (16,372)
Intergovernmental	270,000	270,000	157,638	(112,362)
Miscellaneous	1,000	1,000	344	(656)
Interest	250	250	110	(140)
Total Receipts	<u>501,250</u>	<u>501,250</u>	<u>371,720</u>	<u>(129,530)</u>
DISBURSEMENTS				
Protection to Persons and Property	516,600	530,153	410,143	120,010
Administration	168,250	153,557	137,550	16,007
Total Disbursements	<u>684,850</u>	<u>683,710</u>	<u>547,693</u>	<u>136,017</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(183,600)</u>	<u>(182,460)</u>	<u>(175,973)</u>	<u>6,487</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	226,600	226,600	173,700	(52,900)
Transfers To Other Funds	(50,000)	(50,000)		50,000
Total Other Adjustments to Cash (Uses)	<u>176,600</u>	<u>176,600</u>	<u>173,700</u>	<u>(2,900)</u>
Net Change in Fund Balance	(7,000)	(5,860)	(2,273)	3,587
Fund Balance Beginning	7,000	5,860	5,859	(1)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,586</u>	<u>\$ 3,586</u>

WHITLEY COUNTY
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION-
BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

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

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

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Reconciliation Of The Budgetary Comparison Schedules To the Statement Of Receipts, Disbursements, And Changes In Fund Balances For The General Fund, Jail Fund, And Ambulance Fund

Reconciliation of the General Fund

Total Disbursements-Budgetary Basis	\$ 3,062,594
To adjust for Public Properties Transfer	<u>(140,400)</u>
Total Disbursements-Regulatory Basis	<u>\$ 2,922,194</u>
Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 915,325
To adjust for Public Properties Transfer	<u>(140,400)</u>
Total Other Adjustments to Cash (Uses) -Regulatory Basis	<u>\$ 774,925</u>

Reconciliation of the Jail Fund

Total Disbursements-Budgetary Basis	\$ 2,725,078
To adjust for Public Properties Transfer	<u>(392,063)</u>
Total Disbursements-Regulatory Basis	<u>\$ 2,333,015</u>
Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 1,303,200
To adjust for Public Properties Transfer	<u>(392,063)</u>
Total Other Adjustments to Cash (Uses) -Regulatory Basis	<u>\$ 911,137</u>

Reconciliation of the Ambulance Fund

Total Disbursements-Budgetary Basis	\$ 2,203,290
To adjust for Financing Obligations Proceeds	<u>34,000</u>
Total Disbursements-Regulatory Basis	<u>\$ 2,237,290</u>
Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 203,300
To adjust for Financing Obligations Proceeds	<u>34,000</u>
Total Other Adjustments to Cash (Uses) -Regulatory Basis	<u>\$ 237,300</u>

WHITLEY COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015

WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 536,158	\$	\$	\$ 536,158
Buildings	26,174,930			26,174,930
Vehicles and Equipment	2,352,867	490,380	252,265	2,590,982
Other Equipment	1,626,809	60,355		1,687,164
Infrastructure	10,323,310	396,746		10,720,056
Total Capital Assets	<u>\$ 41,014,074</u>	<u>\$ 947,481</u>	<u>\$ 252,265</u>	<u>\$ 41,709,290</u>

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

June 30, 2015

Note 1. Capital Assets

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

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

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



PEEROY AND GRAY, PSC

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Louisville, Kentucky 40299

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FAX: (502) 493-7231

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 Auditors' 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, 2015, 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 August 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Whitley County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Whitley County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitley County Fiscal Court's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph 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.

Compliance And Other Matters

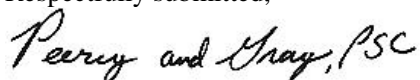
As part of obtaining reasonable assurance about whether the Whitley County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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
(Continued)

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 cursive script that reads "Percy and Gray, PSC".

Percy & Gray, PSC
Certified Public Accountants

August 26, 2016

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

WHITLEY COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2015**

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

WHITLEY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Whitley County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purposes intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer