

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

**For The Fiscal Year Ended
June 30, 2016**



PEERCY AND GRAY, PSC

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EXECUTIVE SUMMARY

AUDIT OF THE
WHITLEY COUNTY FISCAL COURT

June 30, 2016

Peercy & Gray, PSC has completed the audit of the Whitley County Fiscal Court for fiscal year ended June 30, 2016.

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

Financial Condition:

The Whitley County Fiscal Court had total receipts of \$16,176,571 total disbursements of \$16,436,724 in fiscal year 2016. This resulted in a total ending fund balance of \$1,031,612, which is an decrease of \$10,153 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 Whitley County Fiscal Court, for the year ended June 30, 2016, 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 auditors' 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
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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 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, 2016, 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, 2016, 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 the 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.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2017 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

May 24, 2017

WHITLEY COUNTY OFFICIALS

For The Year Ended June 30, 2016

Fiscal Court Members:

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

Other Elected Officials:

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

Appointed Personnel:

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

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

For The Year Ended June 30, 2016

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

For The Year Ended June 30, 2016

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 1,348,595	\$	\$
In Lieu Tax Payments	92,588	77,186	
Excess Fees	99,617		
Licenses and Permits	16,518		
Intergovernmental	791,787	2,378,738	1,416,525
Charges for Services			127,000
Miscellaneous	31,651	18,696	68,697
Interest	2,579	986	313
Total Receipts	<u>2,383,335</u>	<u>2,475,606</u>	<u>1,612,535</u>
DISBURSEMENTS			
General Government	2,008,646	2,082	
Protection to Persons and Property	147,304		1,851,347
General Health and Sanitation	313,127		
Social Services	6,750		
Recreation and Culture			
Roads		1,964,934	
Debt Service	296,618	149,192	
Administration	704,749	412,918	599,153
Total Disbursements	<u>3,477,194</u>	<u>2,529,126</u>	<u>2,450,500</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,093,859)</u>	<u>(53,520)</u>	<u>(837,965)</u>
Other Adjustments to Cash (Uses)			
Short-Term Borrowing	250,000		
Transfers From Other Funds	2,308,962	280,970	1,194,330
Transfers To Other Funds	(1,582,000)	(156,645)	(392,663)
Total Other Adjustments to Cash (Uses)	<u>976,962</u>	<u>124,325</u>	<u>801,667</u>
Net Change in Fund Balance	(116,897)	70,805	(36,298)
Fund Balance - Beginning (Restated)	204,077	321,524	44,647
Fund Balance - Ending	<u>\$ 87,180</u>	<u>\$ 392,329</u>	<u>\$ 8,349</u>
Composition of Fund Balance			
Bank Balance	\$ 118,151	\$ 396,188	\$ 10,798
Less: Outstanding Checks	(30,971)	(3,859)	(2,449)
Fund Balance - Ending	<u>\$ 87,180</u>	<u>\$ 392,329</u>	<u>\$ 8,349</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, 2016

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	Ambulance Fund	Forestry Fund	Occupational Tax Fund	Tourist Tax Fund	911 Fund
\$	\$	\$	\$ 3,365	\$ 4,645,689	\$ 66,044	\$ 221,267
441,718	682,715	10,000				158,187
		1,965,459				
		2,083	158			28
695		391	30	2,670	56	103
<u>442,413</u>	<u>682,715</u>	<u>1,977,933</u>	<u>3,553</u>	<u>4,648,359</u>	<u>66,100</u>	<u>379,585</u>
14,188	682,715			108,869		
		1,446,562	3,481			401,164
60,000					66,328	
		54,339				
		612,920		2,362,908		123,079
<u>74,188</u>	<u>682,715</u>	<u>2,113,821</u>	<u>3,481</u>	<u>2,471,777</u>	<u>66,328</u>	<u>524,243</u>
368,225		(135,888)	72	2,176,582	(228)	(144,658)
		89,500				144,500
(265,000)				(2,152,317)		
<u>(265,000)</u>		<u>89,500</u>		<u>(2,152,317)</u>		<u>144,500</u>
103,225		(46,388)	72	24,265	(228)	(158)
61,026	50	133,757	5,005	148,254	8,619	3,664
<u>\$ 164,251</u>	<u>\$ 50</u>	<u>\$ 87,369</u>	<u>\$ 5,077</u>	<u>\$ 172,519</u>	<u>\$ 8,391</u>	<u>\$ 3,506</u>
\$ 164,251	\$ 50	\$ 95,440	\$ 5,077	\$ 173,363	\$ 8,391	\$ 4,605
		(8,071)		(844)		(1,099)
<u>\$ 164,251</u>	<u>\$ 50</u>	<u>\$ 87,369</u>	<u>\$ 5,077</u>	<u>\$ 172,519</u>	<u>\$ 8,391</u>	<u>\$ 3,506</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, 2016

	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	\$	\$	\$	\$	\$ 6,284,960
In Lieu Tax Payments					169,774
Excess Fees					99,617
Licenses and Permits					16,518
Intergovernmental		1,234,878			7,114,548
Charges for Services					2,092,459
Miscellaneous				269,448	390,761
Interest	1			110	7,934
Total Receipts	<u>1</u>	<u>1,234,878</u>		<u>269,558</u>	<u>16,176,571</u>
DISBURSEMENTS					
General Government					2,816,500
Protection to Persons and Property					3,849,858
General Health and Sanitation					313,127
Social Services					6,750
Recreation and Culture					126,328
Roads					1,964,934
Debt Service	530,363	1,232,678			2,263,190
Administration		2,200		278,110	5,096,037
Total Disbursements	<u>530,363</u>	<u>1,234,878</u>		<u>278,110</u>	<u>16,436,724</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(530,362)</u>			<u>(8,552)</u>	<u>(260,153)</u>
Other Adjustments to Cash (Uses)					
Short-Term Borrowing					250,000
Transfers From Other Funds	530,363				4,548,625
Transfers To Other Funds					(4,548,625)
Total Other Adjustments to Cash (Uses)	<u>530,363</u>				<u>250,000</u>
Net Change in Fund Balance	1			(8,552)	(10,153)
Fund Balance - Beginning (Restated)	32,108		7,779	71,255	1,041,765
Fund Balance - Ending	<u>\$ 32,109</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 62,703</u>	<u>\$ 1,031,612</u>
Composition of Fund Balance					
Bank Balance	\$ 32,109	\$	\$ 7,779	\$ 77,333	\$ 1,093,535
Less: Outstanding Checks				(14,630)	(61,923)
Ending Fund Balance	<u>\$ 32,109</u>	<u>\$ 0</u>	<u>\$ 7,779</u>	<u>\$ 62,703</u>	<u>\$ 1,031,612</u>

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

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WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2016

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 Governmental Accounting Standards Board. However, under regulatory basis they are no longer are required components of the reporting entity. To obtain a copy of the audit report contact at the Whitley County Fiscal Court at (606) 549-6010.

B. Basis of Accounting

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

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

Generally 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, 2016
(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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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

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 Governmental Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

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

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

The State Local Finance Officer does not require the Detention Center Public Properties Corporation Fund, Justice Center Public Properties Corporation Bond Fund and 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Whitley County Elected Officials (Continued)

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

F. Deposits and Investments

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

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

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

H. Related Organizations and Joint 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)

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 2. Deposits

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2016, 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 2016.

	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	Occupational Tax Fund	Total Transfers In
General Fund	\$	\$ 156,645	\$	\$	\$ 2,152,317	\$ 2,308,962
Road Fund	280,970					280,970
Jail Fund	929,330			265,000		1,194,330
Ambulance Fund	89,500					89,500
911 Fund	144,500					144,500
Detention Center Public Properties Corporation	137,700		392,663			530,363
Total Transfers Out	<u>\$ 1,582,000</u>	<u>\$ 156,645</u>	<u>\$ 392,663</u>	<u>\$ 265,000</u>	<u>\$ 2,152,317</u>	<u>\$ 4,548,625</u>

Reason for transfers:

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

Note 4. Agency Trust Funds

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, 2016 was \$11,790.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 5. Operating Leases

A. Office Space Rental

The Whitley County Fiscal Court entered into an operating lease agreement with the Williamsburg-Whitley County Airport Board, Inc. for the rent of space for 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 leases was \$12,000 for the fiscal year ended June 30, 2016. The future minimum lease payments for the operating lease is as follows:

Fiscal Year Ended June 30	EMS
2017	\$ 12,000
2018	12,000
2019	12,000
2020	12,000
2021	12,000
2022-2026	60,000
2027-2030	48,000
	<u>\$ 168,000</u>

B. Tower Space Rental

The Whitley County Fiscal Court entered into a lease agreement with a land owner. The lease agreement is for property to construction, operation and maintenance of a radio transmission tower. The lease commenced on October 1, 2008 and terminated on October 1, 2014 with an automatic extension of four (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
2017	\$ 7,200
2018	7,200
2019	7,200
2020	7,200
2021	7,200
2022-2026	36,000
2027-2031	36,000
2032-2033	14,400
	<u>\$ 122,400</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 6. Short-term Debt

The Whitley County Fiscal Court entered into a short-term promissory note with Forcht Bank to cover temporary budget shortfall in the amount of \$250,000. The note was for period of 184 days at an interest rate of 5.75%. On November 23, 2015 the promissory note was paid in full. Total interest paid in association with the note was \$5,795. Short-term Debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Short-term Borrowing	\$	\$ 250,000	\$ 250,000	\$	\$
Total Short-term Debt	\$ 0	\$ 250,000	\$ 250,000	\$ 0	\$ 0

Note 7. Long-term Debt

A. General Obligation Bonds, Series 2013

On April 16, 2013, the county issued \$7,160,000 of General Obligation Bonds, Series 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 \$6,120,000 as of June 30, 2016, with principal paid annually on June 1. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 370,000	\$ 163,163
2018	375,000	155,763
2019	380,000	148,262
2020	395,000	140,663
2021	400,000	131,775
2022-2026	2,015,000	508,763
2027-2031	2,185,000	211,636
Totals	\$ 6,120,000	\$ 1,460,025

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 7. Long-term Debt (Continued)

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 purposes 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, 2016, the principal balance was \$12,705,000. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 795,000	\$ 439,059
2018	815,000	415,902
2019	840,000	391,078
2020	870,000	363,796
2021	900,000	333,928
2022-2026	5,005,000	1,166,645
2027-2029	3,480,000	217,285
Totals	<u>\$ 12,705,000</u>	<u>\$ 3,327,693</u>

C. Land Purchase

On October 1, 2010, Whitley County entered into a \$327,000 financing obligation agreement with the Kentucky Association of Counties Leasing Trust for the purpose of financing the acquisition of land. Terms of the agreement stipulate a ten-year repayment schedule, with variable quarterly interest payments and fixed annual principal payments in the amount of \$32,700. The principal balance was \$163,500 as of June 30, 2016. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
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>\$ 163,500</u>	<u>\$ 16,937</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 7. Long-term Debt (Continued)

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 \$27,321 as of June 30, 2016. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 25,111	\$ 445
2018	2,120	5
Totals	<u>\$ 27,231</u>	<u>\$ 450</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 \$26,620 as of June 30, 2016. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	18,700	506
2018	7,920	56
Totals	<u>\$ 26,620</u>	<u>\$ 562</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 November 20, 2018. The principal balance was \$311,214 as of June 30, 2016. Future debt service requirements are:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 7. Long Term Debt (Continued)

F. Road Equipment & Stretcher (Continued)

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 122,786	\$ 7,544
2018	122,785	3,837
2019	65,643	528
Totals	<u>\$ 311,214</u>	<u>\$ 11,909</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 \$23,880 as of June 30, 2016. Future debt service requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2017	\$ 19,014	\$ 571
2018	4,866	30
Totals	<u>\$ 23,880</u>	<u>\$ 601</u>

H. Changes In Long-Term Debt

Long-term Debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Refunding Lease	\$ 6,480,000	\$	\$ 360,000	\$ 6,120,000	\$ 370,000
Revenue Bonds	13,480,000		775,000	12,705,000	795,000
Financing Obligations	773,951		221,506	552,445	218,311
Total Long-term Debt	<u>\$ 20,733,951</u>	<u>\$ 0</u>	<u>\$ 1,356,506</u>	<u>\$ 19,377,445</u>	<u>\$ 1,383,311</u>

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 8. Employee Retirement System

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 (KRS). 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 five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.06 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.95 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 five percent (nonhazardous) and eight percent (hazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the 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 four percent (nonhazardous) and seven and one-half percent (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2014 was \$546,068, FY 2015 was \$532,360, and FY 2016 was \$496,639.

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:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 8. Employee Retirement System (Continued)

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, such employee's spouse receives 10 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 update annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov/employers/GASB/Pages/GASB-Library.aspx>. 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 9. Deferred Compensation

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

These deferred compensation plans 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

Note 10. Insurance

For the fiscal year ended June 30, 2016, 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 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 11. Related Party Transaction

The Whitley County Fiscal Court conducted business with the Circuit Clerk in which has shared ownership of a building that is rented to the county for use of Emergency Management. The fiscal court paid the Circuit Clerk \$7,800 in rent during fiscal year ending June 30, 2016 for the use of the facility.

Note 12. Prior Period Adjustments

The beginning balance of the General Fund, Ambulance Fund, and 911 Fund was increased due to prior year voided checks by \$1,781, \$8, and \$78, respectively.

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,338,640	\$ 1,338,640	\$ 1,348,595	\$ 9,955
In Lieu Tax Payments	79,500	79,500	92,588	13,088
Excess Fees	1,933	99,618	99,617	(1)
Licenses and Permits	15,200	15,200	16,518	1,318
Intergovernmental	414,689	755,111	791,787	36,676
Miscellaneous	15,050	31,144	31,651	507
Interest	1,800	1,800	2,579	779
Total Receipts	<u>1,866,812</u>	<u>2,321,013</u>	<u>2,383,335</u>	<u>62,322</u>
DISBURSEMENTS				
General Government	1,782,014	2,102,679	2,008,646	94,033
Protection to Persons and Property	159,839	154,923	147,304	7,619
General Health and Sanitation	288,350	367,827	313,127	54,700
Social Services	6,500	7,750	6,750	1,000
Debt Service	178,325	434,320	434,318	2
Administration	722,228	731,037	704,749	26,288
Total Disbursements	<u>3,137,256</u>	<u>3,798,536</u>	<u>3,614,894</u>	<u>183,642</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,270,444)</u>	<u>(1,477,523)</u>	<u>(1,231,559)</u>	<u>245,964</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,775,283	2,831,351	2,308,962	(522,389)
Transfers To Other Funds	(1,674,839)	(1,808,905)	(1,444,300)	364,605
Short-Term Borrowing		250,000	250,000	
Total Other Adjustments to Cash (Uses)	<u>1,100,444</u>	<u>1,272,446</u>	<u>1,114,662</u>	<u>(157,784)</u>
Net Change in Fund Balance	(170,000)	(205,077)	(116,897)	88,180
Fund Balance Beginning (Restated)	<u>170,000</u>	<u>204,077</u>	<u>204,077</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,000)</u>	<u>\$ 87,180</u>	<u>\$ 88,180</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 10,000	\$ 10,000	\$ 77,186	\$ 67,186
Intergovernmental	2,106,623	2,598,953	2,378,738	(220,215)
Miscellaneous	2,000	11,596	18,696	7,100
Interest	1,000	1,000	986	(14)
Total Receipts	<u>2,119,623</u>	<u>2,621,549</u>	<u>2,475,606</u>	<u>(145,943)</u>
DISBURSEMENTS				
General Government	2,000	2,082	2,082	
Roads	1,791,265	2,523,243	1,964,934	558,309
Debt Service	149,195	149,195	149,192	3
Administration	491,163	461,090	412,918	48,172
Total Disbursements	<u>2,433,623</u>	<u>3,135,610</u>	<u>2,529,126</u>	<u>606,484</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(314,000)</u>	<u>(514,061)</u>	<u>(53,520)</u>	<u>460,541</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		58,472		(58,472)
Transfers From Other Funds	300,000	434,066	280,970	(153,096)
Transfers To Other Funds	(300,000)	(300,000)	(156,645)	143,355
Total Other Adjustments to Cash (Uses)		<u>192,538</u>	<u>124,325</u>	<u>(68,213)</u>
Net Change in Fund Balance	(314,000)	(321,523)	70,805	392,328
Fund Balance Beginning	<u>314,000</u>	<u>321,523</u>	<u>321,524</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 392,329</u>	<u>\$ 392,329</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,303,500	\$ 1,321,297	\$ 1,416,525	\$ 95,228
Charges for Services	148,250	149,245	127,000	(22,245)
Miscellaneous	35,000	63,198	68,697	5,499
Interest Earned	500	500	313	(187)
Total Receipts	<u>1,487,250</u>	<u>1,534,240</u>	<u>1,612,535</u>	<u>78,295</u>
DISBURSEMENTS				
Protection to Persons and Property	1,759,308	1,862,234	1,851,347	10,887
Debt Service	392,665	392,665	392,663	2
Administration	653,405	609,115	599,153	9,962
Total Disbursements	<u>2,805,378</u>	<u>2,864,014</u>	<u>2,843,163</u>	<u>20,851</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,318,128)</u>	<u>(1,329,774)</u>	<u>(1,230,628)</u>	<u>99,146</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,460,128	1,460,128	1,194,330	(265,798)
Transfers To Other Funds	(175,000)	(175,000)		175,000
Total Other Adjustments to Cash (Uses)	<u>1,285,128</u>	<u>1,285,128</u>	<u>1,194,330</u>	<u>(90,798)</u>
Net Change in Fund Balance	(33,000)	(44,646)	(36,298)	8,348
Fund Balance Beginning	<u>33,000</u>	<u>44,646</u>	<u>44,647</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,349</u>	<u>\$ 8,349</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 680,100	\$ 680,100	\$ 441,718	\$ (238,382)
Interest	700	700	695	(5)
Total Receipts	<u>680,800</u>	<u>680,800</u>	<u>442,413</u>	<u>(238,387)</u>
DISBURSEMENTS				
General Government	75,100	75,100	14,188	60,912
Recreation and Culture	60,000	60,000	60,000	
Roads	146,500	146,500		146,500
Administration	550	575		575
Total Disbursements	<u>282,150</u>	<u>282,175</u>	<u>74,188</u>	<u>207,987</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>398,650</u>	<u>398,625</u>	<u>368,225</u>	<u>(30,400)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(459,650)</u>	<u>(459,650)</u>	<u>(265,000)</u>	<u>194,650</u>
Total Other Adjustments to Cash (Uses)	<u>(459,650)</u>	<u>(459,650)</u>	<u>(265,000)</u>	<u>194,650</u>
Net Change in Fund Balance	(61,000)	(61,025)	103,225	164,250
Fund Balance Beginning	<u>61,000</u>	<u>61,025</u>	<u>61,026</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 164,251</u>	<u>\$ 164,251</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

FEDERAL GRANTS FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 776,958	\$ 776,958	\$ 682,715	\$ (94,243)
Total Receipts	<u>776,958</u>	<u>776,958</u>	<u>682,715</u>	<u>(94,243)</u>
DISBURSEMENTS				
General Government	776,958	776,958	682,715	94,243
Total Disbursements	<u>776,958</u>	<u>776,958</u>	<u>682,715</u>	<u>94,243</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	(50)	(50)		50
Total Other Adjustments to Cash (Uses)	<u>(50)</u>	<u>(50)</u>		<u>50</u>
Net Change in Fund Balance	(50)	(50)		50
Fund Balance Beginning	50	50	50	
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, 2016
(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	2,050,100	2,050,100	1,965,459	(84,641)
Miscellaneous	2,000	2,383	2,083	(300)
Interest	500	500	391	(109)
Total Receipts	<u>2,062,600</u>	<u>2,062,983</u>	<u>1,977,933</u>	<u>(85,050)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,498,900	1,569,486	1,446,562	122,924
Debt Service	54,340	54,340	54,339	1
Administration	657,536	650,090	612,920	37,170
Total Disbursements	<u>2,210,776</u>	<u>2,273,916</u>	<u>2,113,821</u>	<u>160,095</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(148,176)</u>	<u>(210,933)</u>	<u>(135,888)</u>	<u>75,045</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	178,176	178,176	89,500	(88,676)
Transfers To Other Funds	(100,000)	(100,000)		100,000
Total Other Adjustments to Cash (Uses)	<u>78,176</u>	<u>78,176</u>	<u>89,500</u>	<u>11,324</u>
Net Change in Fund Balance	(70,000)	(132,757)	(46,388)	86,369
Fund Balance Beginning (Restated)	<u>70,000</u>	<u>133,757</u>	<u>133,757</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 87,369</u>	<u>\$ 86,369</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

FORESTRY FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,600	\$ 4,600	\$ 3,365	\$ (1,235)
Miscellaneous	225	225	158	(67)
Interest	50	50	30	(20)
Total Receipts	<u>4,875</u>	<u>4,875</u>	<u>3,553</u>	<u>(1,322)</u>
DISBURSEMENTS				
Protection to Persons and Property	4,000	4,000	3,481	519
Administration	5,875	5,880		5,880
Total Disbursements	<u>9,875</u>	<u>9,880</u>	<u>3,481</u>	<u>6,399</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,000)</u>	<u>(5,005)</u>	<u>72</u>	<u>5,077</u>
Net Change in Fund Balance	(5,000)	(5,005)	72	5,077
Fund Balance Beginning	<u>5,000</u>	<u>5,005</u>	<u>5,005</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,077</u>	<u>\$ 5,077</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

OCCUPATIONAL TAX FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,245,000	\$ 4,514,262	\$ 4,645,689	\$ 131,427
Miscellaneous	50	50		(50)
Interest	2,500	2,500	2,670	170
Total Receipts	<u>4,247,550</u>	<u>4,516,812</u>	<u>4,648,359</u>	<u>131,547</u>
DISBURSEMENTS				
General Government	99,000	113,822	108,869	4,953
Administration	2,068,317	2,398,926	2,362,908	36,018
Total Disbursements	<u>2,167,317</u>	<u>2,512,748</u>	<u>2,471,777</u>	<u>40,971</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,080,233</u>	<u>2,004,064</u>	<u>2,176,582</u>	<u>172,518</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(2,200,233)</u>	<u>(2,152,317)</u>	<u>(2,152,317)</u>	
Total Other Adjustments to Cash (Uses)	<u>(2,200,233)</u>	<u>(2,152,317)</u>	<u>(2,152,317)</u>	
Net Change in Fund Balance	(120,000)	(148,253)	24,265	172,518
Fund Balance Beginning	<u>120,000</u>	<u>148,253</u>	<u>148,254</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 172,519</u>	<u>\$ 172,519</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

TOURIST TAX FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 59,000	\$ 59,000	\$ 66,044	\$ 7,044
Interest	50	50	56	6
Total Receipts	<u>59,050</u>	<u>59,050</u>	<u>66,100</u>	<u>7,050</u>
DISBURSEMENTS				
Recreation and Culture	59,000	66,329	66,328	1
Administration	4,550	1,340		1,340
Total Disbursements	<u>63,550</u>	<u>67,669</u>	<u>66,328</u>	<u>1,341</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,500)</u>	<u>(8,619)</u>	<u>(228)</u>	<u>8,391</u>
Net Change in Fund Balance	(4,500)	(8,619)	(228)	8,391
Fund Balance Beginning	<u>4,500</u>	<u>8,619</u>	<u>8,619</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,391</u>	<u>\$ 8,391</u>

WHITLEY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 215,000	\$ 215,000	\$ 221,267	\$ 6,267
Intergovernmental	265,000	265,000	158,187	(106,813)
Miscellaneous	1,000	1,000	28	(972)
Interest	150	150	103	(47)
Total Receipts	<u>481,150</u>	<u>481,150</u>	<u>379,585</u>	<u>(101,565)</u>
DISBURSEMENTS				
Protection to Persons and Property	519,800	538,192	401,164	137,028
Administration	160,535	142,729	123,079	19,650
Total Disbursements	<u>680,335</u>	<u>680,921</u>	<u>524,243</u>	<u>156,678</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(199,185)</u>	<u>(199,771)</u>	<u>(144,658)</u>	<u>55,113</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	196,185	196,185	144,500	(51,685)
Total Other Adjustments to Cash (Uses)	<u>196,185</u>	<u>196,185</u>	<u>144,500</u>	<u>(51,685)</u>
Net Change in Fund Balance	(3,000)	(3,586)	(158)	3,428
Fund Balance Beginning (Restated)	<u>3,000</u>	<u>3,586</u>	<u>3,664</u>	<u>78</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,506</u>	<u>\$ 3,506</u>

WHITLEY COUNTY
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION-
BUDGETARY COMPARISON SCHEDULES

June 30, 2016

Note 1. Budgetary Information

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

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

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

Note 2. Reconciliation Of The Statement of Receipts, Disbursements and Changes in Fund Balances to Budgetary Comparison Schedules for the General Fund And Jail Fund

Reconciliation of the General Fund

Total Disbursements-Budgetary Basis	\$ 3,614,894
To adjust for Public Properties Transfer	<u>(137,700)</u>
Total Disbursements-Regulatory Basis	<u><u>\$ 3,477,194</u></u>
Total Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 1,114,662
To adjust for AOC Payments	<u>(137,700)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ 976,962</u></u>

Reconciliation of the Jail Fund

Total Disbursements-Budgetary Basis	\$ 2,843,163
To adjust for Public Properties Transfer	<u>(392,663)</u>
Total Disbursements-Regulatory Basis	<u><u>\$ 2,450,500</u></u>
Total Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 1,194,330
To adjust for AOC Payments	<u>(392,663)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u><u>\$ 801,667</u></u>

WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2016

WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2016

The fiscal court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 536,158	\$ 45,500	\$	\$ 581,658
Buildings	26,174,930			26,174,930
Vehicles & Equipment	2,490,513	200,082	90,211	2,600,384
Other Equipment	1,687,164	19,950		1,707,114
Infrastructure	10,720,056	863,875		11,583,931
Total Capital Assets	\$ 41,608,821	\$ 1,129,407	\$ 90,211	\$ 42,648,017

The prior year schedule of capital assets ending balance was adjusted as follows:

	Prior Year Report Ending Balance	Additions	Deletions	Adjusted Beginning Balance
Land	\$ 536,158	\$	\$	\$ 536,158
Buildings	26,174,930			26,174,930
Vehicles & Equipment	2,590,982		100,469	2,490,513
Other Equipment	1,687,164			1,687,164
Infrastructure	10,720,056			10,720,056
Total Capital Assets	\$ 41,709,290	\$ 0	\$ 100,469	\$ 41,608,821

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

June 30, 2016

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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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, 2016, 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 May 24, 2017.

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 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 Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Percy & Gray, PSC
Certified Public Accountants

May 24, 2017

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

WHITLEY COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2016**

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

For The Fiscal Year Ended June 30, 2016

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



Pat White, Jr.
County Judge/Executive



Jeff Gray
County Treasurer