

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

**For The Fiscal Year Ended
June 30, 2017**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statement of Logan County, Kentucky, for the year ended June 30, 2017.

We engaged Tichenor & Associates, LLP to perform the audit of this financial statement. We worked closely with the firm during our report review process; Tichenor & Associates, LLP evaluated the Logan County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

Enclosure



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To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
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Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Logan County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Logan County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
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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 the Logan County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Logan County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Logan County Fiscal Court as of June 30, 2017, 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 Logan 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
The Honorable Matthew G. Bevin, Governor
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The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2018, on our consideration of the Logan 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 Logan County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Certified Public Accountants
Louisville, Kentucky

June 8, 2018

LOGAN COUNTY OFFICIALS

For The Year Ended June 30, 2017

Fiscal Court Members:

Logan Chick	County Judge/Executive
Dickie Carter	Magistrate
Jack Crossley	Magistrate
Barry Joe Wright	Magistrate
Drexel Johnson	Magistrate
Josephine Orange	Magistrate
Thomas Bouldin	Magistrate

Other Elected Officials:

Joe Ross	County Attorney
Phil Gregory	Jailer
Scottie Harper	County Clerk
Sherry Wilkins	Circuit Court Clerk
Wallace Whittaker	Sheriff
Ben Brown	Property Valuation Administrator
Mary Givens	Coroner

Appointed Personnel:

Amanda Stratton	County Treasurer
Karen Taylor	Finance Officer

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

For The Year Ended June 30, 2017

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

For The Year Ended June 30, 2017

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 2,310,847	\$	\$
In Lieu Tax Payments	259,095		
Licenses and Permits	42,038		
Intergovernmental	2,009,329	1,994,011	1,730,124
Charges for Services			44,595
Miscellaneous	52,947	8,462	142,136
Interest			
Total Receipts	<u>4,674,256</u>	<u>2,002,473</u>	<u>1,916,855</u>
DISBURSEMENTS			
General Government	3,781,705	370	
Protection to Persons and Property	681,181		1,998,306
General Health and Sanitation	300		
Social Services	200,000		
Recreation and Culture	41,109		
Roads		1,960,318	
Bus Services			
Debt Service			325,164
Capital Projects		71,918	
Administration	627,605	208,296	334,347
Total Disbursements	<u>5,331,900</u>	<u>2,240,902</u>	<u>2,657,817</u>
Excess (Deficiency) of Receipts Over			
Disbursements Before Other			
Adjustments to Cash (Uses)	<u>(657,644)</u>	<u>(238,429)</u>	<u>(740,962)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	735,000	242,000	725,000
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)	<u>735,000</u>	<u>242,000</u>	<u>725,000</u>
Net Change in Fund Balance	77,356	3,571	(15,962)
Fund Balance - Beginning (Restated)	588,535	63,199	145,884
Fund Balance - Ending	<u>\$ 665,891</u>	<u>\$ 66,770</u>	<u>\$ 129,922</u>
Composition of Fund Balance			
Bank Balance	\$ 740,937	\$ 106,771	\$ 183,136
Plus: Deposits In Transit			
Less: Outstanding Checks	(75,046)	(40,001)	(53,214)
Investments			
Fund Balance - Ending	<u>\$ 665,891</u>	<u>\$ 66,770</u>	<u>\$ 129,922</u>

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

LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Solid Waste Fund	Occupational Tax Fund	Lifeskills Fund	911 Fund	Special Reserve Fund
\$	\$	\$ 3,337,899	\$	\$ 329,616	\$
	66,232				
136,688	76,200				
328					
5,488	35,363			33	
<u>142,504</u>	<u>177,795</u>	<u>3,337,899</u>	<u></u>	<u>329,649</u>	<u>10,399</u>
158,000		80,219			
				514,063	
92,077	175,390				
61,525					
86,995					
28,243					
1,568					
	32,018	21,728		165,385	
<u>428,408</u>	<u>207,408</u>	<u>101,947</u>	<u></u>	<u>679,448</u>	<u></u>
(285,904)	(29,613)	3,235,952	<u></u>	(349,799)	10,399
337,000				358,000	350,000
		(2,747,000)			
<u>337,000</u>	<u></u>	<u>(2,747,000)</u>	<u></u>	<u>358,000</u>	<u>350,000</u>
51,096	(29,613)	488,952		8,201	360,399
6,503	912,371	2,151,805	152,843	44,862	3,681,537
<u>\$ 57,599</u>	<u>\$ 882,758</u>	<u>\$ 2,640,757</u>	<u>\$ 152,843</u>	<u>\$ 53,063</u>	<u>\$ 4,041,936</u>
\$ 58,319	\$ 884,637	\$ 2,640,883	\$ 152,843	\$ 53,883	\$ 4,041,936
(720)	(1,879)	(126)		(820)	
<u>\$ 57,599</u>	<u>\$ 882,758</u>	<u>\$ 2,640,757</u>	<u>\$ 152,843</u>	<u>\$ 53,063</u>	<u>\$ 4,041,936</u>

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

LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

	Unbudgeted Funds			Total Funds
	Public Properties Corporation Detention Center Fund	Public Properties Corporation Justice Center Fund	Jail Commissary Fund	
RECEIPTS				
Taxes	\$	\$	\$	\$ 5,978,362
In Lieu Tax Payments				259,095
Licenses and Permits				108,270
Intergovernmental	325,165	965,454		7,236,971
Charges for Services				44,923
Miscellaneous		15	392,504	636,948
Interest	4,768			15,167
Total Receipts	<u>329,933</u>	<u>965,469</u>	<u>392,504</u>	<u>14,279,736</u>
DISBURSEMENTS				
General Government				4,020,294
Protection to Persons and Property	340,468			3,534,018
General Health and Sanitation				267,767
Social Services				261,525
Recreation and Culture			292,635	420,739
Roads				1,960,318
Bus Services				28,243
Debt Service		959,286		1,284,450
Capital Projects				73,486
Administration		5,968		1,395,347
Total Disbursements	<u>340,468</u>	<u>965,254</u>	<u>292,635</u>	<u>13,246,187</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,535)</u>	<u>215</u>	<u>99,869</u>	<u>1,033,549</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				2,747,000
Transfers To Other Funds				<u>(2,747,000)</u>
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(10,535)	215	99,869	1,033,549
Fund Balance - Beginning (Restated)	351,113	3,757	108,943	8,211,352
Fund Balance - Ending	<u>\$ 340,578</u>	<u>\$ 3,972</u>	<u>\$ 208,812</u>	<u>\$ 9,244,901</u>
Composition of Fund Balance				
Bank Balance	\$ 39,666	\$ 3,972	\$ 217,188	\$ 9,124,171
Plus: Deposits In Transit			1,709	1,709
Less: Outstanding Checks			(10,085)	(181,891)
Investments	300,912			300,912
Fund Balance - Ending	<u>\$ 340,578</u>	<u>\$ 3,972</u>	<u>\$ 208,812</u>	<u>\$ 9,244,901</u>

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

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**LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Logan County Tourist and Convention 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 the regulatory basis they are no longer are required components of the reporting entity.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

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

Solid Waste Fund - The primary purpose of this fund is to account for solid waste management receipts and related disbursements. The primary source of receipts for this fund is the off-site waste management fees.

Occupational Tax Fund - The primary purpose of this fund is to account for occupational and net profit taxes. The primary sources of receipts for this fund are taxes collected for occupational license fees and net profit tax. These receipts are transferred to other funds as needed.

Lifeskills Fund - The primary purpose of this fund is to account for the proceeds of specific revenue sources and related disbursements that are legally restricted for specific purposes. These funds were received as a repayment of a revolving loan connected to a federal grant. Under the grant agreement, these funds must be used for community or economic development activities.

911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary sources of receipts for this fund are the 911 telephone and wireless surcharges and transfers from the occupational tax fund.

Special Reserve Fund - The primary purpose of this fund is to account for special revenue sources and related disbursements. The primary source of receipts for this fund is interest earned.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Detention Center Fund - The purpose of this fund is to account for debt service requirements of the revenue refunding bonds issued to advance refund revenue bonds that funded the construction of the detention center. The Department for Local Government does not require the fiscal court to report or budget this fund.

Public Properties Corporation Justice Center 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 justice center. The Department for Local Government does not require the fiscal court to report or budget this fund.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1). The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

D. Budgetary Information

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

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

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

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

The state local finance officer does not require the Public Properties Corporation Detention Center Fund and Public Properties Corporation Justice Center Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually.

E. Logan County Elected Officials

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

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

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Tax Abatements

GASB Statement No. 77 - Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015.

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

Note 2. Deposits and Investments

A. Deposits

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

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 2. Deposits and Investments (Continued)

A. 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. On June 30, 2017, the fiscal court's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$2,422

B. Investments

As of June 30, 2017, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)	
		Less Than 1	1-5
U.S. Treasury			
Mutual Funds	\$ 39,666	\$ 39,666	\$
Investments:			
U.S. Government and			
U.S. Agencies Bonds	300,912		300,912
Total Investments	300,912		300,912
 Total Fund Balance	 \$ 340,578	 \$ 39,666	 \$ 300,912

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$300,912 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities.
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 3) Obligations of any corporation of the United States Government.
- 4) 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 or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4).
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by nationally recognized rating agency.
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
- 7) Commercial paper rated in the highest category by a nationally recognized rating agency.
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.
- 10) Shares of mutual funds, each of which shall have the following characteristics:
 - a) The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b) The management company of the investment company shall have been in operation for at least five years.
 - c) All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have five percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in United States denominations.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2017.

	Occupational Tax Fund	Total Transfers In
General Fund	\$ 735,000	\$ 735,000
Road Fund	242,000	242,000
Jail Fund	725,000	725,000
LGEA Fund	337,000	337,000
911 Fund	358,000	358,000
Special Reserve Fund	350,000	350,000
	<u>\$ 2,747,000</u>	<u>\$ 2,747,000</u>
Total Transfers Out	<u>\$ 2,747,000</u>	<u>\$ 2,747,000</u>

Reason for transfers:

To move resources from the occupational tax fund, for budgetary purposes, to the funds that will expend them.

Note 4. Long-term Debt

A. First Mortgage Revenue Bonds (Justice Center Project), Series 2008

On March 1, 2008, the Logan County Public Properties Corporation issued First Mortgage Revenue Bonds (Justice Center Project), Series 2008, to provide funding for the construction of the Logan County Judicial Center. The total bond issue was in the amount of \$14,775,000, with interest rates varying between 2.50 percent and 4.25 percent. Interest is payable on February 1 and August 1 of each year. Principal is payable annually on February 1. The Logan County Fiscal Court entered into a lease agreement with Kentucky Administrative Office of the Courts in order to provide funding to meet annual debt service requirements. On March 1, 2016, the Logan County Public Properties Corporation issued First Mortgage Refunding Revenue Bonds (Justice Center Project), Series 2016 to advance refund \$7,175,000 of this principal balance. \$7,652,392 was placed in an escrow fund to pay the advance refunding. The advanced refunded bonds will be called on February 1, 2018. Total principal balance outstanding as of June 30, 2017, was \$2,165,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 695,000	\$ 81,325
2019	720,000	57,000
2020	750,000	30,000
Totals	<u>\$ 2,165,000</u>	<u>\$ 168,325</u>

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

B. First Mortgage Revenue Refunding Bonds (Detention Facilities Project), Series 2010

On March 4, 2010, the Logan County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds (Detention Facilities Project), Series 2010, to refund the First Mortgage Revenue Bonds (Detention Facility Project), Series 1998. The total bond issue was in the amount of \$3,835,000, with interest rates varying between 2 percent and 4 percent. Interest is payable on March 1 and September 1 of each year. Principal is payable annually on September 1. Total principal balance outstanding as of June 30, 2017, was \$2,285,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 245,000	\$ 83,644
2019	255,000	75,200
2020	265,000	65,769
2021	280,000	55,200
2022	290,000	43,800
2023-2025	950,000	58,000
Totals	\$ 2,285,000	\$ 381,613

C. First Mortgage Refunding Revenue Bonds (Justice Center Project), Series 2016

On March 9, 2016, the Logan County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2016, to refund the First Mortgage Revenue Bonds (Justice Center Project), Series 2008. The total bond issue was in the amount of \$7,595,000, with interest rates varying between 2 percent and 3 percent. Interest is payable on February 1 and August 1 of each year. Principal is payable annually on February 1. Total principal balance outstanding as of June 30, 2017, was \$7,595,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$	\$ 200,800
2019		200,800
2020	50,000	200,800
2021	870,000	199,800
2022	885,000	182,400
2023-2027	4,755,000	582,300
2028	1,035,000	31,050
Totals	\$ 7,595,000	\$ 1,597,950

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

D. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 12,960,000	\$	\$ 915,000	\$ 12,045,000	\$ 940,000
Total Long-term Debt	<u>\$ 12,960,000</u>	<u>\$ 0</u>	<u>\$ 915,000</u>	<u>\$ 12,045,000</u>	<u>\$ 940,000</u>

Note 5. Employee Retirement System

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

The county's contribution for FY 2015 was \$577,588, FY 2016 was \$564,871, and FY 2017 was \$614,118.

Nonhazardous

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 be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute 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 KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 18.68 percent.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 5. Employee Retirement System (Continued)

Health Insurance Coverage

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.

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/Resources/Pages/GASB.aspx>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 6. Deferred Compensation

On June 30, 2000, the Logan County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Deferred Compensation (Continued)

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Health Reimbursement Account/Flexible Spending Account

The Logan County Fiscal Court has established a health reimbursement account (HRA) and a flexible spending account (FSA) to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$2,000 each year to an HRA for employees who choose employee only plans and \$4,000 each year to an HRA for employees with spouse, child, or family plans. The fiscal court contributes \$200 per month or \$2,400 each year to an HRA for employees who chose to waive health insurance. Employees may also contribute additional pre-funds to a FSA through payroll deduction. Each eligible employee is provided a debit card to pay for qualified medical expenses from the HRA or FSA.

Note 8. Insurance

For the fiscal year ended June 30, 2017, the Logan 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 9. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to private corporations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Logan County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2017, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 10. Prior Period Adjustments

The county treasurer voided prior year checks. The voided prior year checks resulted in an increase to the beginning balance of the general fund, jail fund, and solid waste fund:

General Fund - Fund Balance - Ending Balance - Prior Year	\$ 588,476
Plus:	
Prior Year Voided Checks	<u>59</u>
General Fund - Fund Balance - Beginning Balance - Restated	<u>\$ 588,535</u>

Jail Fund - Fund Balance - Ending Balance - Prior Year	\$ 145,704
Plus:	
Prior Year Voided Checks	<u>180</u>
Jail Fund - Fund Balance - Beginning Balance - Restated	<u>\$ 145,884</u>

Solid Waste Fund - Fund Balance - Ending Balance - Prior Year	\$ 912,275
Plus:	
Prior Year Voided Checks	<u>96</u>
Solid Waste Fund - Fund Balance - Beginning Balance - Restated	<u>\$ 912,371</u>

The beginning balance of the Public Properties Corporation Justice Center Fund was restated due to a prior year error:

PPC - Justice Center Fund - Fund Balance - Ending Balance - Prior Year	\$ 7,656,149
Minus:	
Remove Escrow Balance From Prior Year	<u>(7,652,392)</u>
PPC - Justice Center Fund - Fund Balance - Beginning Balance - Restated	<u>\$ 3,757</u>

Note 11. Tax Abatements

- A. The occupational tax was abated under the authority of the Logan County Fiscal Court. Champion Petfoods is eligible to receive this tax abatement as a result of its commitment to creating and/or retaining jobs in Logan County. The taxes are abated by granting of a credit in an amount up to 0.33 percent of the county's occupational license fee. Champion Petfoods made the commitment to create and/or retain jobs by building a new pet food processing, warehousing, and distribution facility. The performance term of the tax abatement is 10 years from the activation of the incentive program. Champion Petfoods has not activated this incentive program as of June 30, 2017. For fiscal year ended June 30, 2017, Logan County abated zero occupational taxes.

LOGAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 11. Tax Abatements (Continued)

- B.** The occupational tax was abated under the authority of the Logan County Fiscal Court. Ventra Plastics is eligible to receive this tax abatement as a result of its commitment to locate and create jobs and investments regarding an expansion in Logan County. The taxes are abated by granting of a credit of 0.27 percent of the county's occupational license fee for respective salaries and wages for any position created or any new hire resulting directly from the company's planned expansion. Ventra Plastics made the commitment to locate and create jobs and investments regarding an expansion. The performance term of the tax abatement is 10 years from the activation of the incentive program. Ventra Plastics has not activated this incentive program as of June 30, 2017. For fiscal year ended June 30, 2017, Logan County abated zero occupational taxes.

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,990,600	\$ 1,990,600	\$ 2,310,847	\$ 320,247
In Lieu Tax Payments	190,000	190,000	259,095	69,095
Licenses and Permits	21,992	21,992	42,038	20,046
Intergovernmental	2,305,582	2,313,947	2,009,329	(304,618)
Miscellaneous	21,500	21,500	52,947	31,447
Total Receipts	<u>4,529,674</u>	<u>4,538,039</u>	<u>4,674,256</u>	<u>136,217</u>
DISBURSEMENTS				
General Government	4,070,788	4,105,153	3,781,705	323,448
Protection to Persons and Property	703,706	704,276	681,181	23,095
General Health and Sanitation	300	300	300	
Social Services	201,000	200,430	200,000	430
Recreation and Culture	428,471	428,471	41,109	387,362
Capital Projects	96,803	96,803		96,803
Administration	648,096	669,381	627,605	41,776
Total Disbursements	<u>6,149,164</u>	<u>6,204,814</u>	<u>5,331,900</u>	<u>872,914</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,619,490)</u>	<u>(1,666,775)</u>	<u>(657,644)</u>	<u>1,009,131</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,031,895	1,031,895	735,000	(296,895)
Total Other Adjustments to Cash (Uses)	<u>1,031,895</u>	<u>1,031,895</u>	<u>735,000</u>	<u>(296,895)</u>
Net Change in Fund Balance	(587,595)	(634,880)	77,356	712,236
Fund Balance - Beginning (Restated)	587,595	587,595	588,535	940
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (47,285)</u>	<u>\$ 665,891</u>	<u>\$ 713,176</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,960,590	\$ 1,960,590	\$ 1,994,011	\$ 33,421
Miscellaneous	1,500	1,500	8,462	6,962
Total Receipts	<u>1,962,090</u>	<u>1,962,090</u>	<u>2,002,473</u>	<u>40,383</u>
DISBURSEMENTS				
General Government	500	500	370	130
Roads	2,411,158	2,410,654	1,960,318	450,336
Capital Projects	100,000	100,000	71,918	28,082
Administration	228,343	228,847	208,296	20,551
Total Disbursements	<u>2,740,001</u>	<u>2,740,001</u>	<u>2,240,902</u>	<u>499,099</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(777,911)</u>	<u>(777,911)</u>	<u>(238,429)</u>	<u>539,482</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	714,712	714,712	242,000	(472,712)
Total Other Adjustments to Cash (Uses)	<u>714,712</u>	<u>714,712</u>	<u>242,000</u>	<u>(472,712)</u>
Net Change in Fund Balance	(63,199)	(63,199)	3,571	66,770
Fund Balance - Beginning	<u>63,199</u>	<u>63,199</u>	<u>63,199</u>	<u>63,199</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,770</u>	<u>\$ 66,770</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,194,062	\$ 1,194,062	\$ 1,730,124	\$ 536,062
Charges for Services	52,100	52,100	44,595	(7,505)
Miscellaneous	87,300	87,300	142,136	54,836
Total Receipts	<u>1,333,462</u>	<u>1,333,462</u>	<u>1,916,855</u>	<u>583,393</u>
DISBURSEMENTS				
Protection to Persons and Property	1,959,406	2,050,139	1,998,306	51,833
Debt Service	320,890	325,164	325,164	
Administration	497,043	414,562	334,347	80,215
Total Disbursements	<u>2,777,339</u>	<u>2,789,865</u>	<u>2,657,817</u>	<u>132,048</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,443,877)</u>	<u>(1,456,403)</u>	<u>(740,962)</u>	<u>715,441</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,299,053	1,299,053	725,000	(574,053)
Total Other Adjustments to Cash (Uses)	<u>1,299,053</u>	<u>1,299,053</u>	<u>725,000</u>	<u>(574,053)</u>
Net Change in Fund Balance	(144,824)	(157,350)	(15,962)	141,388
Fund Balance - Beginning (Restated)	144,824	144,824	145,884	1,060
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (12,526)</u>	<u>\$ 129,922</u>	<u>\$ 142,448</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 80,000	\$ 81,000	\$ 136,688	\$ 55,688
Charges for Services	600	600	328	(272)
Miscellaneous	100	100	5,488	5,388
Total Receipts	<u>80,700</u>	<u>81,700</u>	<u>142,504</u>	<u>60,804</u>
DISBURSEMENTS				
General Government	158,000	158,000	158,000	
General Health and Sanitation	92,500	93,500	92,077	1,423
Social Services	36,900	61,525	61,525	
Recreation and Culture	84,370	90,027	86,995	3,032
Airports	34,529	33,729	28,243	5,486
Administration	12,110	4,403	1,568	2,835
Total Disbursements	<u>418,409</u>	<u>441,184</u>	<u>428,408</u>	<u>12,776</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(337,709)</u>	<u>(359,484)</u>	<u>(285,904)</u>	<u>73,580</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>331,206</u>	<u>331,206</u>	<u>337,000</u>	<u>5,794</u>
Total Other Adjustments to Cash (Uses)	<u>331,206</u>	<u>331,206</u>	<u>337,000</u>	<u>5,794</u>
Net Change in Fund Balance	(6,503)	(28,278)	51,096	79,374
Fund Balance - Beginning	<u>6,503</u>	<u>6,503</u>	<u>6,503</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (21,775)</u>	<u>\$ 57,599</u>	<u>\$ 79,374</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
License and Permits	\$ 40,000	\$ 40,000	\$ 66,232	\$ 26,232
Intergovernmental	46,133	46,133	76,200	30,067
Miscellaneous	22,200	22,200	35,363	13,163
Total Receipts	<u>108,333</u>	<u>108,333</u>	<u>177,795</u>	<u>69,462</u>
DISBURSEMENTS				
General Health and Sanitation	225,929	241,334	175,390	65,944
Administration	325,404	309,999	32,018	277,981
Total Disbursements	<u>551,333</u>	<u>551,333</u>	<u>207,408</u>	<u>343,925</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(443,000)</u>	<u>(443,000)</u>	<u>(29,613)</u>	<u>413,387</u>
Net Change in Fund Balance	(443,000)	(443,000)	(29,613)	413,387
Fund Balance - Beginning (Restated)	<u>443,000</u>	<u>443,000</u>	<u>912,371</u>	<u>469,371</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 882,758</u>	<u>\$ 882,758</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	OCCUPATIONAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,745,000	\$ 2,745,000	\$ 3,337,899	\$ 592,899
Total Receipts	<u>2,745,000</u>	<u>2,745,000</u>	<u>3,337,899</u>	<u>592,899</u>
DISBURSEMENTS				
General Government	106,428	106,428	80,219	26,209
Administration	229,576	139,115	21,728	117,387
Total Disbursements	<u>336,004</u>	<u>245,543</u>	<u>101,947</u>	<u>143,596</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,408,996</u>	<u>2,499,457</u>	<u>3,235,952</u>	<u>736,495</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(4,233,996)</u>	<u>(4,233,996)</u>	<u>(2,747,000)</u>	<u>1,486,996</u>
Total Other Adjustments to Cash (Uses)	<u>(4,233,996)</u>	<u>(4,233,996)</u>	<u>(2,747,000)</u>	<u>1,486,996</u>
Net Change in Fund Balance	(1,825,000)	(1,734,539)	488,952	2,223,491
Fund Balance - Beginning	<u>1,825,000</u>	<u>1,825,000</u>	<u>2,151,805</u>	<u>326,805</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 90,461</u>	<u>\$ 2,640,757</u>	<u>\$ 2,550,296</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	LIFESKILLS FUND			
	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Total Receipts	\$	\$	\$	\$
DISBURSEMENTS				
General Government	152,843	152,843		152,843
Total Disbursements	152,843	152,843		152,843
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(152,843)	(152,843)		152,843
Net Change in Fund Balance	(152,843)	(152,843)		152,843
Fund Balance - Beginning	152,843	152,843	152,843	
Fund Balance - Ending	\$ 0	\$ 0	\$ 152,843	\$ 152,843

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 303,000	\$ 303,000	\$ 329,616	\$ 26,616
Miscellaneous	100	100	33	(67)
Total Receipts	<u>303,100</u>	<u>303,100</u>	<u>329,649</u>	<u>26,549</u>
DISBURSEMENTS				
Protection to Persons and Property	614,506	623,381	514,063	109,318
Administration	232,732	232,732	165,385	67,347
Total Disbursements	<u>847,238</u>	<u>856,113</u>	<u>679,448</u>	<u>176,665</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(544,138)</u>	<u>(553,013)</u>	<u>(349,799)</u>	<u>203,214</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>507,130</u>	<u>507,130</u>	<u>358,000</u>	<u>(149,130)</u>
Total Other Adjustments to Cash (Uses)	<u>507,130</u>	<u>507,130</u>	<u>358,000</u>	<u>(149,130)</u>
Net Change in Fund Balance	(37,008)	(45,883)	8,201	54,084
Fund Balance - Beginning	<u>37,008</u>	<u>37,008</u>	<u>44,862</u>	<u>7,854</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (8,875)</u>	<u>\$ 53,063</u>	<u>\$ 61,938</u>

LOGAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	SPECIAL RESERVE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 6,000	\$ 6,000	\$ 10,399	\$ 4,399
Total Receipts	<u>6,000</u>	<u>6,000</u>	<u>10,399</u>	<u>4,399</u>
DISBURSEMENTS				
Administration	4,037,300	4,037,300		4,037,300
Total Disbursements	<u>4,037,300</u>	<u>4,037,300</u>		<u>4,037,300</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,031,300)</u>	<u>(4,031,300)</u>	<u>10,399</u>	<u>4,041,699</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	350,000	350,000	350,000	
Total Other Adjustments to Cash (Uses)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	
Net Change in Fund Balance	(3,681,300)	(3,681,300)	360,399	4,041,699
Fund Balance - Beginning	<u>3,681,300</u>	<u>3,681,300</u>	<u>3,681,537</u>	<u>237</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,041,936</u>	<u>\$ 4,041,936</u>

LOGAN COUNTY
NOTE TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2017

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.

LOGAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017

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LOGAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (*Restated)	Additions	Deletions	Ending Balance
Land	\$ 2,376,428	\$	\$	\$ 2,376,428
Land Improvements	334,092	13,950		348,042
Buildings	20,308,196	77,385		20,385,581
Construction In Progress		3,000		3,000
Vehicles	1,626,585	173,670	67,145	1,733,110
Equipment*	3,498,997	344,016	133,802	3,709,211
Infrastructure	14,654,183	898,350		15,552,533
 Total Capital Assets	 \$ 42,798,481	 \$ 1,510,371	 \$ 200,947	 \$ 44,107,905

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

June 30, 2017

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, vehicles, 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	20-25
Buildings	\$ 15,000	10-60
Building Improvements	\$ 25,000	10-60
Vehicles	\$ 1,000	3-12
Equipment	\$ 1,000	3-25
Infrastructure	\$ 20,000	20-40

Note 2. Restatement of Beginning Balance

The beginning balance for equipment was restated by \$1,395 to add assets that were deleted by accident in previous years.

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

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TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

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BUSINESS: (502) 245-0775
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E-MAIL: wtichenor@tichenorassociates.com

The Honorable Logan Chick, Logan County Judge/Executive
Members of the Logan County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Logan County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Logan County Fiscal Court's financial statement and have issued our report thereon dated June 8, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Logan 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 matter 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 The 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,

Tichenor & Associates, LLP

Tichenor & Associates, LLP
Certified Public Accountants
Louisville, Kentucky

June 8, 2018

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

LOGAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

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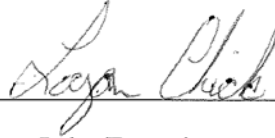
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LOGAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Logan 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.

A handwritten signature in cursive script, appearing to read "Logan Cook", is written above a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, appearing to read "Amanda Stratton", is written above a horizontal line.

County Treasurer