

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

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



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

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





**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 Stephen Henry, Webster County Judge/Executive  
Members of the Webster County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statement of Webster 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 Webster County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon".

Mike Harmon  
Auditor of Public Accounts

Enclosure

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**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS  
1700 EASTPOINT PARKWAY, SUITE 270  
LOUISVILLE, KY 40223  
BUSINESS: (502) 245-0775  
FAX: (502) 245-0725  
E-MAIL: [wtichenor@tichenorassociates.com](mailto:wtichenor@tichenorassociates.com)

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 Webster County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Webster 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  
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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 Webster 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 Webster 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 Webster 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 Webster 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 the Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.



To the People of Kentucky  
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William M. Landrum III, Secretary  
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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 10, 2018, on our consideration of the Webster 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 Webster County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP  
Louisville, Kentucky

May 10, 2018

WEBSTER COUNTY OFFICIALS

For The Year Ended June 30, 2017

**Fiscal Court Members:**

Stephen Henry	County Judge/Executive
Jerry Brown	Magistrate
Chad Townsend	Magistrate
Tony Felker	Magistrate

**Other Elected Officials:**

W. Clint Prow	County Attorney
Terry Elder	Jailer
Valerie Newell	County Clerk
Frankie Springfield	Sheriff
Jeffrey Kelley	Property Valuation Administrator
Todd Vanover	Coroner

**Appointed Personnel:**

Paula Guinn	County Treasurer
Leesa Russell	Finance Officer

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

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

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

For The Year Ended June 30, 2017

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 1,403,856	\$	\$
In Lieu Tax Payments	5,012		
Excess Fees	16,897		
Licenses and Permits	10,548		
Intergovernmental	1,221,779	1,546,545	2,803,556
Charges for Services	21,064		56,238
Miscellaneous Revenues	161,787	124,466	203,279
Interest	3,249	4,088	1,788
Total Receipts	<u>2,844,192</u>	<u>1,675,099</u>	<u>3,064,861</u>
<b>DISBURSEMENTS</b>			
General Government	1,354,303		
Protection to Persons and Property	359,214		2,128,836
General Health and Sanitation	319,092		
Social Services	3,992		
Recreation and Culture			
Roads		1,732,474	
Airports			
Debt Service			364,340
Administration	912,256	296,899	609,743
Total Disbursements	<u>2,948,857</u>	<u>2,029,373</u>	<u>3,102,919</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(104,665)</u>	<u>(354,274)</u>	<u>(38,058)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	(104,665)	(354,274)	(38,058)
Fund Balance - Beginning (Restated)	<u>605,717</u>	<u>548,392</u>	<u>336,925</u>
Fund Balance - Ending	<u>\$ 501,052</u>	<u>\$ 194,118</u>	<u>\$ 298,867</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 703,622	\$ 270,302	\$ 434,716
Less: Outstanding Checks	<u>(202,570)</u>	<u>(76,184)</u>	<u>(135,849)</u>
Fund Balance - Ending	<u>\$ 501,052</u>	<u>\$ 194,118</u>	<u>\$ 298,867</u>

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

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

<b>Budgeted Funds</b>				
<b>Local Government Economic Assistance Fund</b>	<b>State Grants Fund</b>	<b>Sanitation Fund</b>	<b>Animal Shelter Fund</b>	<b>Sewer Replacement Fund</b>
\$ 620	\$	\$	\$	\$
1,195,205	15,811	202,305		
111,931				
2,022	26	58	140	21
<u>1,309,778</u>	<u>15,837</u>	<u>202,363</u>	<u>140</u>	<u>21</u>
193,498				
47,730	20,768			
685,121		196,458	12,849	
130,873				
1,734				
103,885				
2,377				
197,192		15,250		
<u>1,362,410</u>	<u>20,768</u>	<u>211,708</u>	<u>12,849</u>	
<u>(52,632)</u>	<u>(4,931)</u>	<u>(9,345)</u>	<u>(12,709)</u>	<u>21</u>
		19,957		(19,957)
		<u>19,957</u>		<u>(19,957)</u>
(52,632)	(4,931)	10,612	(12,709)	(19,936)
849,251	13,933	12,839	57,254	19,936
<u>\$ 796,619</u>	<u>\$ 9,002</u>	<u>\$ 23,451</u>	<u>\$ 44,545</u>	<u>\$ 0</u>
\$ 995,866	\$ 9,002	\$ 25,101	\$ 44,545	\$
<u>(199,247)</u>		<u>(1,650)</u>		
<u>\$ 796,619</u>	<u>\$ 9,002</u>	<u>\$ 23,451</u>	<u>\$ 44,545</u>	<u>\$ 0</u>

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

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

	<b>Unbudgeted Funds</b>		
	<b>Public Facilities Construction Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 1,404,476
In Lieu Tax Payments			5,012
Excess Fees			16,897
Licenses and Permits			10,548
Intergovernmental	199,285		6,982,181
Charges for Services		232,023	511,630
Miscellaneous			601,463
Interest			11,392
Total Receipts	<u>199,285</u>	<u>232,023</u>	<u>9,543,599</u>
<b>DISBURSEMENTS</b>			
General Government			1,547,801
Protection to Persons and Property			2,556,548
General Health and Sanitation			1,213,520
Social Services			134,865
Recreation and Culture		215,406	217,140
Roads			1,836,359
Airports			2,377
Debt Service	198,283		562,623
Administration	1,000		2,032,340
Total Disbursements	<u>199,283</u>	<u>215,406</u>	<u>10,103,573</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2</u>	<u>16,617</u>	<u>(559,974)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			19,957
Transfers To Other Funds			(19,957)
Total Other Adjustments to Cash (Uses)			<u></u>
Net Change in Fund Balance	2	16,617	(559,974)
Fund Balance - Beginning (Restated)	<u>1,076</u>	<u>30,790</u>	<u>2,476,113</u>
Fund Balance - Ending	<u>\$ 1,078</u>	<u>\$ 47,407</u>	<u>\$ 1,916,139</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,078	\$ 47,936	\$ 2,532,168
Less Outstanding Checks		(529)	(616,029)
Ending Fund Balance	<u>\$ 1,078</u>	<u>\$ 47,407</u>	<u>\$ 1,916,139</u>

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

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TO THE FINANCIAL STATEMENT**

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**WEBSTER COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial statement of Webster County includes all budgeted and unbudgeted funds under the control of the Webster 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.

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

**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.



**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

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

State Grants Fund - The primary purpose of this fund is to account for various grants received from the state government.

Sanitation Fund - The primary purpose of this fund is to account for sanitation revenues and related disbursements. The primary source of receipts for this fund is charges for services.

Animal Shelter Fund - The primary purpose of this fund is to account for funds received to pay for animal shelter expenses. The primary sources of receipts for this fund are interest and donations.

Sewer Replacement Fund - The primary purpose of this fund is to account for sewer replacement revenues and related expenses. The primary source of receipts for this fund is interest.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Facilities Construction 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 public buildings. The Department for Local Government does not require the fiscal court to report or budget this fund.

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 facilities construction corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Webster County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Webster 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 Webster County Fiscal Court.

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

**F. Deposits and Investments**

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

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.

**Note 2. Deposits**

The fiscal court-maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met as of June 30, 2017.

**Note 2. Deposits (Continued)**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2017, 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 20177.

Reason for transfers:

	Sewer Replacement Fund	Total Transfers In
Sanitation Fund	<u>\$ 19,957</u>	<u>\$ 19,957</u>
Total Transfers Out	<u><u>\$ 19,957</u></u>	<u><u>\$ 19,957</u></u>

To move resources from the sewer replacement fund, for budgetary purposes, to the sanitation fund.

**Note 4. Agency Trust Funds**

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

The fiscal court has the following agency trust funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2017, was \$59,188.

Health Reimbursement Fund - This fund accounts for county contributions to individual health accounts maintained for each employee. The balance of the health reimbursement fund as of June 30, 2017, was \$132,004.

**Note 5. Long-term Debt**

**A. First Mortgage Refunding Revenue Bonds (Judicial Center Project), Series 2011**

On May 5, 2011, the Webster County, Kentucky, Public Properties Corporation issued First Mortgage Refunding Revenue Bonds, Series 2011 to refund First Mortgage Revenue Bonds (Judicial Center Project), Series 2002. The total bond issue was \$1,515,000, with interest rates from 4.00 percent to 4.50 percent. Interest is payable on February 1 and August 1 of each year. As of June 30, 2017, bonds outstanding were \$1,515,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 150,000	\$ 54,785
2019	150,000	50,660
2020	155,000	46,310
2021	165,000	41,505
2022	165,000	36,060
2023-2026	<u>730,000</u>	<u>77,333</u>
Totals	<u>\$ 1,515,000</u>	<u>\$ 306,653</u>

**B. Webster County Detention Center Expansion**

On December 16, 2010, the Webster County Fiscal Court entered into a lease-purchase agreement with Kentucky Association of Counties Leasing Trust (KaCOLT) in the amount of \$5,335,000. Monthly principal and interest payments are due beginning January 1, 2011. The final installment is due on January 1, 2037. The effective interest rate is 5.46 percent. The purpose of the lease-purchase agreement is to close the current jail expansion construction loan and convert it to a fixed rate loan. Principal outstanding as of June 30, 2017, totaled \$4,431,667. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2018	\$ 142,083	\$ 209,258
2019	149,167	203,220
2020	157,083	196,880
2021	162,083	190,204
2022	169,167	183,316
2023-2027	973,751	800,362
2028-2032	1,235,001	550,690
2033-2037	<u>1,443,332</u>	<u>209,751</u>
Totals	<u>\$ 4,431,667</u>	<u>\$ 2,543,681</u>

**Note 5. Long-term Debt (Continued)**

**C. 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	\$ 1,655,000	\$	\$ 140,000	\$ 1,515,000	\$ 150,000
Financing Obligations	4,568,750		137,083	4,431,667	142,083
Total Long-term Debt	<u>\$ 6,223,750</u>	<u>\$ 0</u>	<u>\$ 277,083</u>	<u>\$ 5,946,667</u>	<u>\$ 292,083</u>

**Note 6. Commitments and Contingencies**

**A. Industrial Revenue Bonds**

The Webster County Fiscal Court has adopted ordinances approving the issuance of Industrial Revenue Bonds. Such bond issues do not constitute a general debt, liability, or moral obligation of Webster County. Accordingly, these financial statements do not include any assets or liabilities related to the issuance of these bond issues.

**B. Solid Waste Interlocal Agreement**

Webster County entered into an interlocal agreement with Union and Henderson Counties and Cities of Henderson and Corydon establishing a Solid Waste Recycling Facility and Program for these areas. All parties have agreed to fund the operational expense of this organization. The county is responsible for 19.50 percent of the Solid Waste Recycling Facility and Program operating expenses. The county did not incur any expenses under this agreement for the fiscal year ended June 30, 2017.

**C. Interlocal Tri-County New Water and Wastewater Treatment Facility**

Webster County entered into an interlocal agreement with the Counties of Henderson and McLean, the City of Henderson, and the City of Henderson Water and Sewer Commission, to which the local governments agree to supplement the City of Henderson Water and Sewer Commission's debt service on the Water and Wastewater Treatment Facility in southern Henderson County on an equal basis should the excess revenues generated by the facility be less than the amount necessary to fund the debt service required for the related facility. The county had no expenses related to this agreement for the fiscal year ended 2017.

**D. West Kentucky Regional Industrial Development Authority - Kenergy Loan Guarantee**

Webster County in conjunction with Henderson, Union, and McLean Counties issued an ordinance which guarantees a portion of the \$450,000, zero-interest rural development loan to Kenergy from the West Kentucky Regional Industrial Development Authority to assist in promoting development of the 4 Star Industrial Park. Webster County authorized a guarantee of \$150,000. Henderson County also guaranteed \$150,000 and Union and McLean Counties each guaranteed \$75,000.

**Note 6. Commitments and Contingencies (Continued)**

**E. Regional Economic Development Corporation**

Webster County has retained an ongoing financial interest in the Regional Economic Development Corporation (REDC). The REDC is a joint venture between the county and McLean, Union, and Henderson Counties for the purpose of promoting economic development activities in such counties. Expenses incurred by the county under this agreement for the fiscal year ended June 30, 2017, was \$30,000.

**Note 7. Employee Retirement System**

**Plan Description**

The fiscal court has elected to participate 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 that covers all eligible regular full-time members employed in non-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.

The county's contribution for FY 2015 was \$567,132, FY 2016 was \$561,087, and FY 2017 was \$607,200.

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 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 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 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.

**Note 7. 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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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 8. Deferred Compensation**

In March 1990, the Webster County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

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

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

**Note 9. Health Reimbursement Account/Flexible Spending Account**

The Webster County Fiscal Court established a flexible spending account on May 1, 2012, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$2,500 each year to pay for qualified medical expenses. The balance of the plan as of June 30, 2017, was \$132,004.

**Note 10. Insurance**

For the fiscal year ended June 30, 2017, the Webster County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 11. Conduit Debt**

From time to time the Webster County Fiscal Court has issued bonds to provide financial assistance to various entities 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 Webster County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by the 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.

**Note 12. Prior Period Adjustments**

The beginning fund balances for the general, jail, and local government economic assistance funds were increased \$475, \$697, and \$42, respectively, for prior year voided checks.



**WEBSTER COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

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**WEBSTER COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,335,864	\$ 1,335,864	\$ 1,403,856	\$ 67,992
In Lieu Tax Payments	10,873	10,873	5,012	(5,861)
Excess Fees			16,897	16,897
Licenses and Permits	10,631	10,631	10,548	(83)
Intergovernmental	1,131,306	1,140,906	1,221,779	80,873
Charges for Services	6,800	6,800	21,064	14,264
Miscellaneous	17,536	83,536	161,787	78,251
Interest	2,350	2,350	3,249	899
Total Receipts	<u>2,515,360</u>	<u>2,590,960</u>	<u>2,844,192</u>	<u>253,232</u>
<b>DISBURSEMENTS</b>				
General Government	1,447,051	1,392,151	1,354,303	37,848
Protection to Persons and Property	382,459	398,959	359,214	39,745
General Health and Sanitation	40,700	489,324	319,092	170,232
Social Services	6,200	4,600	3,992	608
Administration	1,076,350	1,052,350	912,256	140,094
Total Disbursements	<u>2,952,760</u>	<u>3,337,384</u>	<u>2,948,857</u>	<u>388,527</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(437,400)</u>	<u>(746,424)</u>	<u>(104,665)</u>	<u>641,759</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	66,558	66,558		(66,558)
Total Other Adjustments to Cash (Uses)	<u>66,558</u>	<u>66,558</u>		<u>(66,558)</u>
Net Change in Fund Balance	(370,842)	(679,866)	(104,665)	575,201
Fund Balance - Beginning (Restated)	<u>370,842</u>	<u>679,866</u>	<u>605,717</u>	<u>(74,149)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 501,052</u>	<u>\$ 501,052</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,252,421	\$ 1,994,823	\$ 1,546,545	\$ (448,278)
Miscellaneous	201,912	201,912	124,466	(77,446)
Interest	3,672	3,672	4,088	416
Total Receipts	<u>1,458,005</u>	<u>2,200,407</u>	<u>1,675,099</u>	<u>(525,308)</u>
<b>DISBURSEMENTS</b>				
Roads	1,312,778	2,015,480	1,732,474	283,006
Administration	274,731	314,431	296,899	17,532
Total Disbursements	<u>1,587,509</u>	<u>2,329,911</u>	<u>2,029,373</u>	<u>300,538</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(129,504)</u>	<u>(129,504)</u>	<u>(354,274)</u>	<u>(224,770)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(66,558)</u>	<u>(66,558)</u>		<u>66,558</u>
Total Other Adjustments to Cash (Uses)	<u>(66,558)</u>	<u>(66,558)</u>		<u>66,558</u>
Net Change in Fund Balance	(196,062)	(196,062)	(354,274)	(158,212)
Fund Balance - Beginning	<u>196,062</u>	<u>196,062</u>	<u>548,392</u>	<u>352,330</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 194,118</u>	<u>\$ 194,118</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,626,416	\$ 2,626,416	\$ 2,803,556	\$ 177,140
Charges for Services	58,446	58,446	56,238	(2,208)
Miscellaneous	164,225	164,225	203,279	39,054
Interest	2,106	2,106	1,788	(318)
Total Receipts	<u>2,851,193</u>	<u>2,851,193</u>	<u>3,064,861</u>	<u>213,668</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,229,957	2,208,157	2,128,836	79,321
Debt Service	364,341	364,341	364,340	1
Administration	668,950	690,750	609,743	81,007
Total Disbursements	<u>3,263,248</u>	<u>3,263,248</u>	<u>3,102,919</u>	<u>160,329</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(412,055)</u>	<u>(412,055)</u>	<u>(38,058)</u>	<u>373,997</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>212,055</u>	<u>212,055</u>		<u>(212,055)</u>
Total Other Adjustments to Cash (Uses)	<u>212,055</u>	<u>212,055</u>		<u>(212,055)</u>
Net Change in Fund Balance	(200,000)	(200,000)	(38,058)	161,942
Fund Balance - Beginning (Restated)	<u>200,000</u>	<u>200,000</u>	<u>336,925</u>	<u>136,925</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 298,867</u>	<u>\$ 298,867</u>

**WEBSTER 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		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 950	\$ 950	\$ 620	\$ (330)
Intergovernmental	840,585	840,585	1,195,205	354,620
Miscellaneous Revenues	164,152	164,152	111,931	(52,221)
Interest	2,497	2,497	2,022	(475)
Total Receipts	<u>1,008,184</u>	<u>1,008,184</u>	<u>1,309,778</u>	<u>301,594</u>
<b>DISBURSEMENTS</b>				
General Government	199,839	194,339	193,498	841
Protection to Persons and Property	33,231	48,131	47,730	401
General Health and Sanitation	757,456	727,706	685,121	42,585
Social Services	131,451	150,151	130,873	19,278
Recreation and Culture	4,500	4,800	1,734	3,066
Roads	204,764	204,764	103,885	100,879
Airport	3,000	3,000	2,377	623
Administration	164,570	198,770	197,192	1,578
Total Disbursements	<u>1,498,811</u>	<u>1,531,661</u>	<u>1,362,410</u>	<u>169,251</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(490,627)</u>	<u>(523,477)</u>	<u>(52,632)</u>	<u>470,845</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(212,055)</u>	<u>(212,055)</u>		<u>212,055</u>
Total Other Adjustments to Cash (Uses)	<u>(212,055)</u>	<u>(212,055)</u>		<u>212,055</u>
Net Change in Fund Balance	(702,682)	(735,532)	(52,632)	682,900
Fund Balance - Beginning (Restated)	<u>702,682</u>	<u>735,532</u>	<u>849,251</u>	<u>113,719</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 796,619</u>	<u>\$ 796,619</u>

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

	<b>STATE GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 15,811	\$ (234,189)
Interest			26	26
Total Receipts	<u>250,000</u>	<u>250,000</u>	<u>15,837</u>	<u>(234,163)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	250,000	131,000	20,768	110,232
Total Disbursements	<u>250,000</u>	<u>131,000</u>	<u>20,768</u>	<u>110,232</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>119,000</u>	<u>(4,931)</u>	<u>(123,931)</u>
Net Change in Fund Balance		119,000	(4,931)	(123,931)
Fund Balance - Beginning		<u>(119,000)</u>	<u>13,933</u>	<u>132,933</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,002</u>	<u>\$ 9,002</u>

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

<b>SANITATION FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 197,880	\$ 197,880	\$ 202,305	\$ 4,425
Interest	221	221	58	(163)
Total Receipts	<u>198,101</u>	<u>198,101</u>	<u>202,363</u>	<u>4,262</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	216,727	216,727	196,458	20,269
Administration	15,715	15,715	15,250	465
Total Disbursements	<u>232,442</u>	<u>232,442</u>	<u>211,708</u>	<u>20,734</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(34,341)</u>	<u>(34,341)</u>	<u>(9,345)</u>	<u>24,996</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	24,341	24,341	19,957	(4,384)
Total Other Adjustments to Cash (Uses)	<u>24,341</u>	<u>24,341</u>	<u>19,957</u>	<u>(4,384)</u>
Net Change in Fund Balance	(10,000)	(10,000)	10,612	20,612
Fund Balance - Beginning	10,000	10,000	12,839	2,839
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,451</u>	<u>\$ 23,451</u>



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

**ANIMAL SHELTER FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	\$	\$ 140	\$ 140
Total Receipts			140	140
<b>DISBURSEMENTS</b>				
General Health and Sanitation	25,000	25,000	12,849	12,151
Total Disbursements	25,000	25,000	12,849	12,151
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(25,000)	(12,709)	12,291
Net Change in Fund Balance	(25,000)	(25,000)	(12,709)	12,291
Fund Balance - Beginning	25,000	25,000	57,254	32,254
Fund Balance - Ending	\$ 0	\$ 0	\$ 44,545	\$ 44,545

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

**SEWER REPLACEMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 136	\$ 136	\$ 21	\$ (115)
Total Receipts	<u>136</u>	<u>136</u>	<u>21</u>	<u>(115)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>136</u>	<u>136</u>	<u>21</u>	<u>(115)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(24,341)	(24,341)	(19,957)	4,384
Total Other Adjustments to Cash (Uses)	<u>(24,341)</u>	<u>(24,341)</u>	<u>(19,957)</u>	<u>4,384</u>
Net Change in Fund Balance	(24,205)	(24,205)	(19,936)	4,269
Fund Balance - Beginning	<u>24,205</u>	<u>24,205</u>	<u>19,936</u>	<u>(4,269)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**WEBSTER 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.

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

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**WEBSTER 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	Additions	Deletions	Ending Balance
Land	\$ 277,912	\$	\$	\$ 277,912
Land Improvements	452,692			452,692
Buildings	13,697,662	26,704	(2)	13,724,368
Vehicles and Equipment	3,153,530	10,015	(57,008)	3,220,553
Other Equipment	3,220,608	327,605		3,548,213
Infrastructure	17,282,709	667,364		17,950,073
 Total Capital Assets	 <u>\$ 38,085,113</u>	 <u>\$ 1,031,688</u>	 <u>\$ (57,010)</u>	 <u>\$39,173,811</u>

**WEBSTER 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, vehicles and equipment, building improvements, other equipment, and infrastructure (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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 5,000	10-60
Buildings and Building Improvements	\$ 5,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Other Equipment	\$ 5,000	3-25
Infrastructure	\$ 5,000	10-50



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

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**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS  
1700 EASTPOINT PARKWAY, SUITE 270  
LOUISVILLE, KY 40223  
BUSINESS: (502) 245-0775  
FAX: (502) 245-0725  
E-MAIL: [wtichenor@tichenorassociates.com](mailto:wtichenor@tichenorassociates.com)

The Honorable Stephen Henry, Webster County Judge/Executive  
Members of the Webster 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 Webster County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Webster County Fiscal Court's financial statement and have issued our report thereon dated May 10, 2018.

**Internal Control Over Financial Reporting**

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

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of 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  
Louisville, Kentucky

May 10, 2018

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

**WEBSTER COUNTY FISCAL COURT**

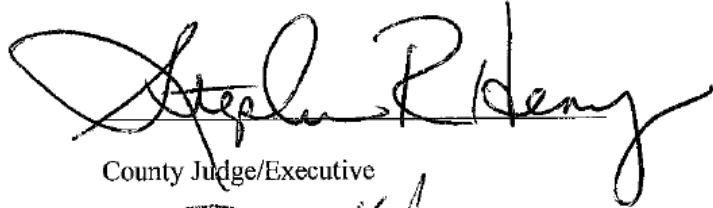
**For The Fiscal Year Ended  
June 30, 2017**

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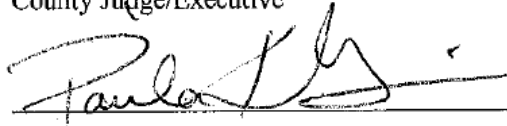
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
WEBSTER COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Webster 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 black ink, appearing to read "Stephen R. Henry", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Paula K. [unclear]", written over a horizontal line.

County Treasurer