

PUBLIC NOTICE

A copy of the complete audit report, including financial statements and supplemental information, is on file at the County Judge Executive's office and is available for public inspection during normal business hours. You may obtain a copy of the complete audit report for personal use from the County Judge Executive for \$0.25 per page to cover duplication costs. You may obtain copies of the financial statements at no cost from the County Judge Executive's office, 410 Monument Square, Room 205, Jamestown, Kentucky.



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Gary D. Robertson, Russell County Judge/Executive
Members of the Russell County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Russell County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Russell 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.

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 Russell 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 Russell County Fiscal Court as of June 30, 2019, 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 Russell County Fiscal Court as of June 30, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Russell County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and the Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules 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 are fairly stated in all material respects in relation to the financial statement as a whole.

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the Russell 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 Russell County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report finding:

2019-001 The Russell County Fiscal Court Did Not Follow Proper Procurement Procedures For Purchases Over \$20,000

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

December 19, 2019

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

DRUG FREE COMMUNITY FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Administration	\$ 12,102	\$ 12,102	\$	\$ 12,102
Total Disbursements	12,102	12,102		12,102
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(12,102)	(12,102)		12,102
Net Change in Fund Balance	(12,102)	(12,102)		12,102
Fund Balance - Beginning	12,102	12,102	12,102	
Fund Balance - Ending	\$ 0	\$ 0	\$ 12,102	\$ 12,102

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

GENERAL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,513,226	\$ 2,513,226	\$ 2,572,527	\$ 59,301
In Lieu Tax Payments	141,000	141,000	154,790	13,790
Excess Fees	53,264	53,264	43,647	(9,617)
Licenses and Permits	4,883	10,891	11,054	163
Intergovernmental	278,658	281,585	328,352	46,767
Charges for Services	500	500	400	(100)
Miscellaneous	274,934	343,744	566,534	222,790
Interest	1,260	1,260	1,445	185
Total Receipts	3,267,725	3,345,470	3,678,749	333,279
DISBURSEMENTS				
General Government	1,282,584	1,333,335	1,161,922	171,413
Protection to Persons and Property	148,273	157,129	132,533	24,596
General Health and Sanitation	306,137	334,549	303,558	30,991
Social Services	19,825	19,825	15,478	4,347
Recreation and Culture	48,260	53,568	50,332	3,236
Debt Service	26,387	26,536	26,536	
Administration	2,070,600	2,054,869	768,064	1,286,805
Total Disbursements	3,902,066	3,979,811	2,458,423	1,521,388
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(634,341)	(634,341)	1,220,326	1,854,667
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	176,247	176,247	160,552	(15,695)
Transfers To Other Funds	(1,141,982)	(1,141,982)	(1,374,934)	(232,952)
Total Other Adjustments to Cash (Uses)	(965,735)	(965,735)	(1,214,382)	(248,647)
Net Change in Fund Balance	(1,600,076)	(1,600,076)	5,944	1,606,020
Fund Balance - Beginning	1,600,076	1,600,076	1,698,514	98,438
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,704,458	\$ 1,704,458
ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,487,217	\$ 1,672,267	\$ 1,612,648	\$ (59,619)
Charges for Services	200	200	135	(65)
Miscellaneous	6,000	48,475	13,924	(34,551)
Interest	1,450	1,450	846	(604)
Total Receipts	1,494,867	1,722,392	1,627,553	(94,839)
DISBURSEMENTS				
Roads	1,239,425	1,641,578	1,400,636	240,942
Debt Service	48,658	52,811	52,811	
Capital Projects	60,000	60,000		60,000
Administration	388,024	209,243	150,485	58,758
Total Disbursements	1,736,107	1,963,632	1,603,932	359,700
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(241,240)	(241,240)	23,621	264,861
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			500	500
Transfers To Other Funds	(166,247)	(166,247)		166,247
Total Other Adjustments to Cash (Uses)	(166,247)	(166,247)	500	166,747
Net Change in Fund Balance	(407,487)	(407,487)	24,121	431,608
Fund Balance - Beginning	407,487	407,487	304,052	(103,435)
Fund Balance - Ending	\$ 0	\$ 0	\$ 328,173	\$ 328,173
JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 679,863	\$ 719,699	\$ 894,460	\$ 174,761
Charges for Services	54,626	80,290	82,428	2,138
Miscellaneous	77,170	77,170	77,948	778
Interest	960	960	1,416	456
Total Receipts	812,619	878,119	1,056,252	178,133
DISBURSEMENTS				
Protection to Persons and Property	1,403,985	1,480,127	1,406,920	73,207
Debt Service	420,849	420,849	350,507	70,342
Administration	557,175	653,374	493,977	159,397
Total Disbursements	2,382,009	2,554,350	2,251,404	302,946
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,569,390)	(1,676,231)	(1,195,152)	481,079
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,076,030	1,076,030	1,101,030	25,000
Total Other Adjustments to Cash (Uses)	1,076,030	1,076,030	1,101,030	25,000
Net Change in Fund Balance	(493,360)	(600,201)	(94,122)	506,079
Fund Balance - Beginning	493,360	611,653	613,061	1,408
Fund Balance - Ending	\$ 0	\$ 11,452	\$ 518,939	\$ 507,487
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,221	\$ 4,741	\$ 4,741	\$
Miscellaneous	25	98	98	
Total Receipts	2,246	4,839	4,839	
DISBURSEMENTS				
General Government	9,131	12,177	8,783	3,394
Debt Service	4,803	4,803	4,402	401
Administration	775	1,361		1,361
Total Disbursements	14,709	18,341	13,185	5,156
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(12,463)	(13,502)	(8,346)	5,156
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	11,963	11,963	11,963	
Total Other Adjustments to Cash (Uses)	11,963	11,963	11,963	
Net Change in Fund Balance	(500)	(1,539)	3,617	5,156
Fund Balance - Beginning	500	1,539	1,539	
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,156	\$ 5,156
ALCOHOL SUBSTANCE ABUSE PROGRAM FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,621	\$ 30,621	\$ 29,950	\$ (671)
Total Receipts	30,621	30,621	29,950	(671)
DISBURSEMENTS				
Social Services	30,621	30,621	22,561	8,060
Administration	82,974	82,974		82,974
Total Disbursements	113,595	113,595	22,561	91,034
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(82,974)	(82,974)	7,389	90,363
Net Change in Fund Balance	(82,974)	(82,974)	7,389	90,363
Fund Balance - Beginning	82,974	82,974	100,335	17,361
Fund Balance - Ending	\$ 0	\$ 0	\$ 107,724	\$ 107,724

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