

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

**For The Year Ended
June 30, 2019**



**MIKE HARMON
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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.



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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 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.

To the People of Kentucky
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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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

December 19, 2019

RUSSELL COUNTY OFFICIALS**For The Year Ended June 30, 2019****Fiscal Court Members:**

Gary D. Robertson	County Judge/Executive
Terry Waddell	Magistrate
Patrick Loy (July 1, 2018 through January 6, 2019)	Magistrate
Mickey Garner (January 7, 2019 through June 30, 2019)	Magistrate
Ronald Johnson	Magistrate
Steve Richardson	Magistrate
Larry Holt	Magistrate

Other Elected Officials:

Kevin Shearer	County Attorney
Bobby Dunbar	Jailer
Sue Popplewell	County Clerk
Tony Kerr	Circuit Court Clerk
Clete McAninch (July 1, 2018 through November 30, 2018)	Sheriff
Derek Polston (December 1, 2018 through June 30, 2019)	Sheriff
Tim Popplewell	Property Valuation Administrator
Michael Reynolds (July 1, 2018 through January 6, 2019)	Coroner
Mark Coots (January 7, 2019 through June 30, 2019)	Coroner

Appointed Personnel:

Kim Fenske	County Treasurer
Luanne Adams	Administrative Assistant/Finance Officer

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

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,572,527	\$	\$
In Lieu Tax Payments	154,790		
Excess Fees	43,647		
Licenses and Permits	11,054		
Intergovernmental	328,352	1,612,648	894,460
Charges for Services	400	135	82,428
Miscellaneous	566,534	13,924	77,948
Interest	1,445	846	1,416
Total Receipts	<u>3,678,749</u>	<u>1,627,553</u>	<u>1,056,252</u>
DISBURSEMENTS			
General Government	1,161,922		
Protection to Persons and Property	132,533		1,406,920
General Health and Sanitation	303,558		
Social Services	15,478		
Recreation and Culture	50,332		
Roads		1,400,636	
Airports			
Debt Service	26,536	52,811	350,507
Capital Projects			
Administration	768,064	150,485	493,977
Total Disbursements	<u>2,458,423</u>	<u>1,603,932</u>	<u>2,251,404</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,220,326</u>	<u>23,621</u>	<u>(1,195,152)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds		35,000	
Transfers From Other Funds	160,552	500	1,101,030
Transfers To Other Funds	(1,374,934)		
Total Other Adjustments to Cash (Uses)	<u>(1,214,382)</u>	<u>35,500</u>	<u>1,101,030</u>
Net Change in Fund Balance	5,944	59,121	(94,122)
Fund Balance - Beginning (Restated)	<u>1,698,514</u>	<u>304,052</u>	<u>613,061</u>
Fund Balance - Ending	<u>\$ 1,704,458</u>	<u>\$ 363,173</u>	<u>\$ 518,939</u>
Composition of Fund Balance			
Bank Balance	\$ 1,708,897	\$ 363,263	\$ 519,187
Plus: Deposits In Transit			
Less: Outstanding Checks	(4,439)	(90)	(248)
Fund Balance - Ending	<u>\$ 1,704,458</u>	<u>\$ 363,173</u>	<u>\$ 518,939</u>

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

RUSSELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Alcohol Substance Abuse Program Fund	Grants Fund	Tourism Fund	Dispatch Fund	Airport Fund	Airport Project Fund
\$	\$	\$	\$ 118,246	\$ 159,172	\$	\$
4,741	29,950	156,052		50,000		174,304
98			25,000	264	51,359	
			8	166	35	
<u>4,839</u>	<u>29,950</u>	<u>156,052</u>	<u>143,254</u>	<u>209,602</u>	<u>51,394</u>	<u>174,304</u>
8,783				255,643		
		5,500				
	22,561	34,294	146,389			
					33,777	
4,402		197,492				89,134
				79,353	5,523	
<u>13,185</u>	<u>22,561</u>	<u>237,286</u>	<u>146,389</u>	<u>334,996</u>	<u>39,300</u>	<u>89,134</u>
(8,346)	7,389	(81,234)	(3,135)	(125,394)	12,094	85,170
11,963		257,451		38,990		6,682
		(150,552)				
<u>11,963</u>		<u>106,899</u>		<u>38,990</u>		<u>6,682</u>
3,617	7,389	25,665	(3,135)	(86,404)	12,094	91,852
1,539	100,335		15,111	199,072	39,120	3,848
<u>\$ 5,156</u>	<u>\$ 107,724</u>	<u>\$ 25,665</u>	<u>\$ 11,976</u>	<u>\$ 112,668</u>	<u>\$ 51,214</u>	<u>\$ 95,700</u>
\$ 5,206	\$ 107,724	\$ 25,665	\$ 11,976	\$ 112,668	\$ 51,214	\$ 95,750
(50)						(50)
<u>\$ 5,156</u>	<u>\$ 107,724</u>	<u>\$ 25,665</u>	<u>\$ 11,976</u>	<u>\$ 112,668</u>	<u>\$ 51,214</u>	<u>\$ 95,700</u>

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

RUSSELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

	Budgeted Funds		
	Drug Free Community Fund	Airport Board Fund	Alcohol Beverage Control Fund
RECEIPTS			
Taxes	\$	\$	\$ 129,063
In Lieu Tax Payments			
Excess Fees			
Licenses and Permits			
Intergovernmental			20
Charges for Services			
Miscellaneous		104,567	5
Interest		36	62
Total Receipts		<u>104,603</u>	<u>129,150</u>
DISBURSEMENTS			
General Government			94,156
Protection to Persons and Property			
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Airports		80,550	
Debt Service			
Capital Projects			
Administration			6,089
Total Disbursements		<u>80,550</u>	<u>100,245</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>24,053</u>	<u>28,905</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Transfers From Other Funds			
Transfers To Other Funds		(6,682)	(20,000)
Total Other Adjustments to Cash (Uses)		<u>(6,682)</u>	<u>(20,000)</u>
Net Change in Fund Balance		17,371	8,905
Fund Balance - Beginning	12,102	37,785	35,114
Fund Balance - Ending	<u>\$ 12,102</u>	<u>\$ 55,156</u>	<u>\$ 44,019</u>
Composition of Fund Balance			
Bank Balance	\$ 12,102	\$ 55,156	\$ 48,200
Plus: Deposits In Transit			
Less: Outstanding Checks			(4,181)
Fund Balance - Ending	<u>\$ 12,102</u>	<u>\$ 55,156</u>	<u>\$ 44,019</u>

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

RUSSELL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

<u>Unbudgeted Funds</u>		
<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$	\$	\$ 2,979,008
		154,790
		43,647
		11,054
786,751		4,037,278
		82,963
	281,934	1,121,633
107		4,121
<u>786,858</u>	<u>281,934</u>	<u>8,434,494</u>
		1,264,861
		1,795,096
		309,058
		72,333
	250,751	447,472
		1,400,636
		114,327
786,751		1,221,007
		286,626
		1,503,491
<u>786,751</u>	<u>250,751</u>	<u>8,414,907</u>
		19,587
107	31,183	19,587
		35,000
		1,577,168
	(25,000)	(1,577,168)
	(25,000)	35,000
107	6,183	54,587
10,865	163,357	3,233,875
<u>\$ 10,972</u>	<u>\$ 169,540</u>	<u>\$ 3,288,462</u>
\$ 10,972	\$ 175,997	\$ 3,303,977
	955	955
	(7,412)	(16,470)
<u>\$ 10,972</u>	<u>\$ 169,540</u>	<u>\$ 3,288,462</u>

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

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TO THE FINANCIAL STATEMENT**

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**RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Russell County includes all budgeted and unbudgeted funds under the control of the Russell 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 Lake Cumberland Tourist 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 required components of the reporting entity. The commission's audit can be obtained from the Russell County Fiscal Court, 410 Monument Square, Suite 205, Jamestown, Kentucky 42629.

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.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(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.

Alcohol Substance Abuse Program Fund - The primary purpose of this fund is to account for federal receipts and disbursements in association with drug abuse prevention.

Grants Fund - The primary purpose of this fund is to account for federal receipts and disbursements.

Tourism Fund - The primary purpose of this fund is to account for tourism taxes collected and then passed through to the Tourism Commission.

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

Airport Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the operation of the airport.

Airport Project Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the projects at the airport.

Drug Free Community Fund - The primary purpose of this fund is to account for receipts and disbursements associated with community drug prevention.

Airport Board Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the airport board.

Alcohol Beverage Control Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the distribution of alcohol within the county.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued for the detention center project.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required 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 fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Russell County Elected Officials

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

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Russell County Elected Officials (Continued)

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

F. Deposits and Investments

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

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, 2019, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2019.

	General Fund	Grants Fund	Airport Board Fund	Alcohol Beverage Control Fund Fund	Jail Commissary Fund	Total Transfers In
General Fund	\$	\$ 150,552	\$	\$ 10,000	\$	\$ 160,552
Road Fund	500					500
Jail Fund	1,076,030				25,000	1,101,030
LGEA Fund	11,963					11,963
Grants Fund	257,451					257,451
Dispatch Fund	28,990			10,000		38,990
Airport Project Fund			6,682			6,682
Total Transfers Out	<u>\$ 1,374,934</u>	<u>\$ 150,552</u>	<u>\$ 6,682</u>	<u>\$ 20,000</u>	<u>\$ 25,000</u>	<u>\$ 1,577,168</u>

Reason for transfers:

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

Note 4. Agency Trust Funds

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 fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2019, was \$2,378. This balance is included in the jail commissary fund balance on the *Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis*.

Note 5. Long-term Debt

A. General Obligation Bonds, Series 2010

On February 10, 2010, the Russell County Fiscal Court issued General Obligation Bonds in the amount of \$4,905,000 to fund the Detention Center project. Interest rate varies between 1 percent and 5 percent. Principal payments are due on December 1 each year through 2020. Interest payments are due on December 1 and June 1 each year. Under Resolution No. 17-02, the fiscal court authorized a partial refunding of the General Obligation Bonds, Series 2010 in the amount of \$2,900,000. Principal outstanding as of June 30, 2019, was \$230,000. Future principal and interest requirements are:

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

A. General Obligation Bonds, Series 2010 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 230,000	\$ 4,600
Totals	\$ 230,000	\$ 4,600

B. General Obligation Refunding Bonds, Series 2017

On September 6, 2017, the Russell County Fiscal Court issued General Obligation Refunding Bonds, Series 2017 in the amount of \$3,885,000 to retire part of the General Obligation Bonds, Series 2010 and fund the Detention Center project. Under Resolution No. 17-02, the fiscal court authorized the refunding at a fixed interest rate of 2.05 percent. The fiscal court utilized \$2,900,000 of the principal to place in an escrow account for the Series 2010 Bonds to be paid as of November 2019. Principal outstanding as of June 30, 2019, was \$3,095,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 40,000	\$ 63,038
2021	280,000	59,758
2022	285,000	53,966
2023	290,000	48,072
2024	295,000	42,076
2025-2029	1,570,000	116,030
2030	335,000	3,434
Total	\$ 3,095,000	\$ 386,374

C. First Mortgage Revenue Bonds, Series 2009

On November 17, 2009, the Russell County Public Properties Corporation issued First Mortgage Revenue Bonds in the amount of \$11,625,000 to retire the Bond Anticipation Notes and complete construction of the Justice Center project. Simultaneously with the issuance of the bonds, the county entered into a lease agreement with the Administrative Office of the Courts for rental payments sufficient to pay 100 percent of the debt service cost of the bonds. Interest rate varies from 1 to 4.2 percent. Principal payments are due on November 1 each year through fiscal year 2029. Interest payments are due November 1 and May 1 each year. Under Resolution No. 15-01, the fiscal court authorized a partial refunding of the First Mortgage Revenue Bonds, Series 2009 in the amount of \$5,840,000. Principal outstanding as of June 30, 2019, was \$1,195,000. Future principal and interest requirements are:

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

C. First Mortgage Revenue Bonds, Series 2009 (Continued)

Fiscal Year Ending June 30	Principal	Interest and Fees
2020	\$ 585,000	\$ 35,008
2021	610,000	13,485
	<u>\$ 1,195,000</u>	<u>\$ 48,493</u>

D. First Mortgage Refunding Revenue Bonds, Series 2016

On September 13, 2016, the Russell County Public Properties Corporation issued First Mortgage Revenue Bonds, Series 2016 in the amount of \$6,585,000 to retire part of the First Mortgage Revenue Bonds, Series 2009 and complete the Justice Center Project. Under Resolution No. 15-01, the fiscal court authorized the refunding at a variable interest rate between 2.00 percent and 2.50 percent. The fiscal court utilized \$5,840,000 of the principal to place in an escrow account for the Series 2009 Bonds to be paid as of November 2019. Principal outstanding as of June 30, 2019, was \$6,530,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest and Fees
2020	\$ 105,000	\$ 132,106
2021	110,000	129,956
2022	735,000	121,506
2023	750,000	106,656
2024	765,000	91,506
2025-2029	4,065,000	217,303
	<u>\$ 6,530,000</u>	<u>\$ 799,033</u>

E. Detention Center Debt Lease

On November 24, 2010, the Russell County Fiscal Court entered into an agreement with the Kentucky Area Development Districts Financing Trust in the amount of \$260,000. The lease proceeds were used to pay the Russell County Detention Center General Obligation Bonds, Series 2010 principal and interest payment for November 2010. Interest rate is 4.8 percent and due on May 20 and November 20 each year through fiscal year 2031. One principal payment is due December 1, 2030. Principal outstanding as of June 30, 2019, was \$260,000. Future principal and interest requirements are:

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

E. Detention Center Debt Lease (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$	\$ 13,800
2021		13,700
2022		13,700
2023		13,700
2024		13,700
2025-2029		68,500
2030-2031	260,000	20,550
	<u>\$ 260,000</u>	<u>\$ 157,650</u>

F. Fire Truck

On October 31, 2008, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$186,143. The funds were used to purchase a fire truck. Interest rate varies and is paid monthly. Principal payments are due January 20 each year through fiscal year 2023. Principal outstanding as of June 30, 2019, was \$58,143. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 14,000	\$ 3,849
2021	14,000	2,645
2022	15,000	1,744
2023	15,143	699
	<u>\$ 58,143</u>	<u>\$ 8,937</u>

G. Sheriff Vehicles

On August 28, 2013, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$95,875. The funds were used to purchase four sheriff vehicles. The interest rate varies and is paid monthly. Principal payments are due monthly on the 20th of the month. The final payment was scheduled for August 20, 2018. Principal outstanding as of June 30, 2019, was \$0.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

H. Morgue Vehicle

On February 26, 2016, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$18,000. The funds were used to purchase a morgue vehicle. The interest rate is 3.25 percent and is paid monthly. Principal payments are due monthly on the 20th of the month. The final payment is scheduled for February 20, 2020. Principal outstanding as of June 30, 2019, was \$3,554. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 3,554	\$ 48
	<u>\$ 3,554</u>	<u>\$ 48</u>

I. Roll Off Truck

On January 12, 2018, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$153,916. The funds were used to purchase a roll off truck. The interest rate is 3.95 percent and is paid monthly. The principal payment is due in a lump sum at the maturity date of the lease, July 20, 2019. Principal outstanding as of June 30, 2019, was \$153,916. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 153,916	\$ 507
	<u>\$ 153,916</u>	<u>\$ 507</u>

J. Mack Dump Truck

On March 26, 2018, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$136,978. The funds were used to purchase a dump truck. The interest rate is 3.98 percent and is paid monthly. Principal payments are due monthly on the 20th of the month. The final payment is scheduled for March 20, 2021. Principal outstanding as of June 30, 2019, was \$81,721. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 46,072	\$ 2,414
2021	<u>35,649</u>	<u>593</u>
	<u>\$ 81,721</u>	<u>\$ 3,007</u>

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

K. Backhoe

On January 30, 2019, the Russell County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$35,000. The funds were used to purchase a backhoe. The interest rate is 3.95 percent and is paid monthly. Principal payments are due monthly on the 20th of the month. The final payment is scheduled for February 20, 2022. Principal outstanding as of June 30, 2019, was \$31,418. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 11,396	\$ 1,037
2021	11,855	578
2022	8,167	121
	<u>\$ 31,418</u>	<u>\$ 1,736</u>

L. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 3,585,000	\$	\$ 260,000	\$ 3,325,000	\$ 270,000
Revenue Bonds	8,345,000		620,000	7,725,000	690,000
Financing Obligations	622,402	35,000	68,650	588,752	228,938
Total Long-term Debt	<u>\$ 12,552,402</u>	<u>\$ 35,000</u>	<u>\$ 948,650</u>	<u>\$ 11,638,752</u>	<u>\$ 1,188,938</u>

Note 6. 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 2017 was \$428,478, FY 2018 was \$465,350, and FY 2019 was \$527,910.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Employee Retirement System (Continued)

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 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 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 4 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 21.48 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS 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.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they 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 by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

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 proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. 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.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Deferred Compensation

The Russell 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 8. Insurance

For the fiscal year ended June 30, 2019, the Russell 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 9. Tax Abatement

The occupational tax was abated under the authority of the Kentucky Economic Development Finance Authority. The Dr. Schneider Automotive System, Inc. (the company) is eligible to receive this tax abatement as a result of their commitment to locate an automotive manufacturing operation. The company agrees, within five years of the commencement of commercial production at the project, to make a capital investment of approximately \$30,000,000 in the project and to employ 155 new, full-time employees at the project. The taxes are abated by allowing the company for a period not more than four years, and on a quarterly basis, to pay as directed by the Russell County Industrial Development Authority (IDA), the lesser of three- fourths of one percent (0.75%) of the company's payroll at the facility for each such month, or the occupational license fee actually collected by the county. According to Russell County Fiscal Court Resolution Number 13-07, the IDA agrees that the company will receive from the IDA a credit in an amount equal to all such contributions received from the city and/or county, against facility rentals otherwise due from the company. For fiscal year ended June 30, 2019, the Russell County Fiscal Court abated occupational taxes totaling \$93,272.

RUSSELL COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 10. Prior Period Adjustments

	General Fund	Jail Fund	Public Properties Corporation Fund	Jail Commissary Fund
Fund Balance - Beginning	\$ 1,698,504	\$ 611,653	\$	\$ 162,430
Prior Year Outstanding Checks Voided	10			927
Accounts Not Previously Reported		1,408	10,865	
Fund Balance - Beginning (Adjusted)	<u>\$ 1,698,514</u>	<u>\$ 613,061</u>	<u>\$ 10,865</u>	<u>\$ 163,357</u>

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

For The Year Ended June 30, 2019

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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	<u>3,267,725</u>	<u>3,345,470</u>	<u>3,678,749</u>	<u>333,279</u>
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	<u>3,902,066</u>	<u>3,979,811</u>	<u>2,458,423</u>	<u>1,521,388</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(634,341)</u>	<u>(634,341)</u>	<u>1,220,326</u>	<u>1,854,667</u>
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)	<u>(965,735)</u>	<u>(965,735)</u>	<u>(1,214,382)</u>	<u>(248,647)</u>
Net Change in Fund Balance	(1,600,076)	(1,600,076)	5,944	1,606,020
Fund Balance - Beginning	<u>1,600,076</u>	<u>1,600,076</u>	<u>1,698,514</u>	<u>98,438</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,704,458</u>	<u>\$ 1,704,458</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	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	<u>1,494,867</u>	<u>1,722,392</u>	<u>1,627,553</u>	<u>(94,839)</u>
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	<u>1,736,107</u>	<u>1,963,632</u>	<u>1,603,932</u>	<u>359,700</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(241,240)</u>	<u>(241,240)</u>	<u>23,621</u>	<u>264,861</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			500	500
Transfers To Other Funds	<u>(166,247)</u>	<u>(166,247)</u>		<u>166,247</u>
Total Other Adjustments to Cash (Uses)	<u>(166,247)</u>	<u>(166,247)</u>	<u>500</u>	<u>166,747</u>
Net Change in Fund Balance	(407,487)	(407,487)	24,121	431,608
Fund Balance - Beginning	<u>407,487</u>	<u>407,487</u>	<u>304,052</u>	<u>(103,435)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 328,173</u>	<u>\$ 328,173</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	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	<u>812,619</u>	<u>878,119</u>	<u>1,056,252</u>	<u>178,133</u>
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	<u>2,382,009</u>	<u>2,554,350</u>	<u>2,251,404</u>	<u>302,946</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,569,390)</u>	<u>(1,676,231)</u>	<u>(1,195,152)</u>	<u>481,079</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,076,030</u>	<u>1,076,030</u>	<u>1,101,030</u>	<u>25,000</u>
Total Other Adjustments to Cash (Uses)	<u>1,076,030</u>	<u>1,076,030</u>	<u>1,101,030</u>	<u>25,000</u>
Net Change in Fund Balance	(493,360)	(600,201)	(94,122)	506,079
Fund Balance - Beginning	<u>493,360</u>	<u>611,653</u>	<u>613,061</u>	<u>1,408</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 11,452</u>	<u>\$ 518,939</u>	<u>\$ 507,487</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

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	<u>2,246</u>	<u>4,839</u>	<u>4,839</u>	
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	<u>14,709</u>	<u>18,341</u>	<u>13,185</u>	<u>5,156</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(12,463)</u>	<u>(13,502)</u>	<u>(8,346)</u>	<u>5,156</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>11,963</u>	<u>11,963</u>	<u>11,963</u>	
Total Other Adjustments to Cash (Uses)	<u>11,963</u>	<u>11,963</u>	<u>11,963</u>	
Net Change in Fund Balance	(500)	(1,539)	3,617	5,156
Fund Balance - Beginning	<u>500</u>	<u>1,539</u>	<u>1,539</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,156</u>	<u>\$ 5,156</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

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

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 269,500	\$ 330,695	\$ 156,052	\$ (174,643)
Total Receipts	<u>269,500</u>	<u>330,695</u>	<u>156,052</u>	<u>(174,643)</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property	49,500	49,500		49,500
General Health and Sanitation		5,500	5,500	
Social Services		55,695	34,294	21,401
Capital Projects	220,000	220,000	197,492	22,508
Total Disbursements	<u>269,500</u>	<u>330,695</u>	<u>237,286</u>	<u>93,409</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(81,234)</u>	<u>(81,234)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			257,451	257,451
Transfers To Other Funds			<u>(150,552)</u>	<u>(150,552)</u>
Total Other Adjustments to Cash (Uses)			<u>106,899</u>	<u>106,899</u>
Net Change in Fund Balance			25,665	25,665
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,665</u>	<u>\$ 25,665</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	TOURISM FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 125,000	\$ 125,000	\$ 118,246	\$ (6,754)
Miscellaneous			25,000	25,000
Interest	100	100	8	(92)
Total Receipts	<u>125,100</u>	<u>125,100</u>	<u>143,254</u>	<u>18,154</u>
DISBURSEMENTS				
Recreation and Culture	125,000	146,389	146,389	
Administration	43,348	21,959		21,959
Total Disbursements	<u>168,348</u>	<u>168,348</u>	<u>146,389</u>	<u>21,959</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(43,248)</u>	<u>(43,248)</u>	<u>(3,135)</u>	<u>40,113</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	25,000	25,000		(25,000)
Total Other Adjustments to Cash (Uses)	<u>25,000</u>	<u>25,000</u>		<u>(25,000)</u>
Net Change in Fund Balance	(18,248)	(18,248)	(3,135)	15,113
Fund Balance - Beginning	18,248	18,248	15,111	(3,137)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,976</u>	<u>\$ 11,976</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	DISPATCH FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 160,000	\$ 160,000	\$ 159,172	\$ (828)
Intergovernmental	50,000	50,000	50,000	
Miscellaneous	300	300	264	(36)
Interest	100	100	166	66
Total Receipts	<u>210,400</u>	<u>210,400</u>	<u>209,602</u>	<u>(798)</u>
DISBURSEMENTS				
Protection to Persons and Property	291,107	308,322	255,643	52,679
Administration	144,632	127,417	79,353	48,064
Total Disbursements	<u>435,739</u>	<u>435,739</u>	<u>334,996</u>	<u>100,743</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(225,339)</u>	<u>(225,339)</u>	<u>(125,394)</u>	<u>99,945</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>38,989</u>	<u>38,989</u>	<u>38,990</u>	<u>1</u>
Total Other Adjustments to Cash (Uses)	<u>38,989</u>	<u>38,989</u>	<u>38,990</u>	<u>1</u>
Net Change in Fund Balance	(186,350)	(186,350)	(86,404)	99,946
Fund Balance - Beginning	<u>186,350</u>	<u>186,350</u>	<u>199,072</u>	<u>12,722</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 112,668</u>	<u>\$ 112,668</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	AIRPORT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 40,300	\$ 40,300	\$ 51,359	\$ 11,059
Interest	25	25	35	10
Total Receipts	<u>40,325</u>	<u>40,325</u>	<u>51,394</u>	<u>11,069</u>
DISBURSEMENTS				
Airports	47,400	50,955	33,777	17,178
Administration	48,077	44,522	5,523	38,999
Total Disbursements	<u>95,477</u>	<u>95,477</u>	<u>39,300</u>	<u>56,177</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(55,152)</u>	<u>(55,152)</u>	<u>12,094</u>	<u>67,246</u>
Net Change in Fund Balance	(55,152)	(55,152)	12,094	67,246
Fund Balance - Beginning	<u>55,152</u>	<u>55,152</u>	<u>39,120</u>	<u>(16,032)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 51,214</u>	<u>\$ 51,214</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	AIRPORT PROJECT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 675,000	\$ 675,000	\$ 174,304	\$ (500,696)
Total Receipts	<u>675,000</u>	<u>675,000</u>	<u>174,304</u>	<u>(500,696)</u>
DISBURSEMENTS				
Capital Projects	675,000	675,000	89,134	585,866
Administration	3,848	3,848		3,848
Total Disbursements	<u>678,848</u>	<u>678,848</u>	<u>89,134</u>	<u>589,714</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,848)</u>	<u>(3,848)</u>	<u>85,170</u>	<u>89,018</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			6,682	6,682
Total Other Adjustments to Cash (Uses)			<u>6,682</u>	<u>6,682</u>
Net Change in Fund Balance	(3,848)	(3,848)	91,852	95,700
Fund Balance - Beginning	<u>3,848</u>	<u>3,848</u>	<u>3,848</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 95,700</u>	<u>\$ 95,700</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	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
(Continued)

	AIRPORT BOARD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 60,100	\$ 97,930	\$ 104,567	\$ 6,637
Interest	35	35	36	1
Total Receipts	<u>60,135</u>	<u>97,965</u>	<u>104,603</u>	<u>6,638</u>
DISBURSEMENTS				
Airports	62,000	82,675	80,550	2,125
Administration	44,998	63,940		63,940
Total Disbursements	<u>106,998</u>	<u>146,615</u>	<u>80,550</u>	<u>66,065</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(46,863)</u>	<u>(48,650)</u>	<u>24,053</u>	<u>72,703</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(6,682)	(6,682)
Total Other Adjustments to Cash (Uses)			<u>(6,682)</u>	<u>(6,682)</u>
Net Change in Fund Balance	(46,863)	(48,650)	17,371	66,021
Fund Balance - Beginning	<u>46,863</u>	<u>46,863</u>	<u>37,785</u>	<u>(9,078)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,787)</u>	<u>\$ 55,156</u>	<u>\$ 56,943</u>

RUSSELL COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

ALCOHOL BEVERAGE CONTROL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 117,360	\$ 118,141	\$ 129,063	\$ 10,922
Intergovernmental			20	20
Miscellaneous	1,010	1,010	5	(1,005)
Interest	60	60	62	2
Total Receipts	<u>118,430</u>	<u>119,211</u>	<u>129,150</u>	<u>9,939</u>
DISBURSEMENTS				
General Government	104,619	131,442	94,156	37,286
Administration	23,215	14,334	6,089	8,245
Total Disbursements	<u>127,834</u>	<u>145,776</u>	<u>100,245</u>	<u>45,531</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(9,404)</u>	<u>(26,565)</u>	<u>28,905</u>	<u>55,470</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	
Net Change in Fund Balance	(29,404)	(46,565)	8,905	55,470
Fund Balance - Beginning	<u>29,404</u>	<u>35,113</u>	<u>35,114</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (11,452)</u>	<u>\$ 44,019</u>	<u>\$ 55,471</u>

RUSSELL COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

Note 1. Budgetary Information

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

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

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

Note 2 Reconciliation of the Road Fund

The *Statement of Receipts, Disbursements, and Changes in Fund Balances- Regulatory Basis* differs from the *Budgetary Comparison Schedule - Road Fund* due to the following adjustments:

Reconciliation of the road fund:

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ 500
To adjust for Financing Obligation Proceeds	<u>35,000</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u>\$ 35,500</u>
Fund Balance - Ending - Budgetary Basis	\$ 328,173
To adjust for Financing Obligation Proceeds	<u>35,000</u>
Fund Balance - Ending - Regulatory Basis	<u>\$ 363,173</u>

Note 3 Unbalanced Budget

The overall final budget does not net to zero because the airport board fund intrafund transfers do not equal zero within this fund. Therefore, the budget is out of balance by \$1,787.

**RUSSELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2019

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RUSSELL COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 602,500	\$ 42,000	\$	\$ 644,500
Buildings and Buildings Improvements	20,658,137	246,062		20,904,199
Machinery and Equipment	1,678,333	40,673		1,719,006
Vehicles	1,743,884	99,263		1,843,147
Infrastructure	12,582,100	716,671		13,298,771
 Total Capital Assets	 <u>\$ 37,264,954</u>	 <u>\$ 1,144,669</u>	 <u>\$</u>	 <u>\$ 38,409,623</u>

**RUSSELL COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS**

June 30, 2019

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 2,500	10-25
Vehicles	\$ 2,500	2-25
Infrastructure	\$ 20,000	10-60

**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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Gary D. Robertson, Russell County Judge/Executive
Members of the Russell 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 Russell County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Russell County Fiscal Court's financial statement and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Russell 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 Russell County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Russell County Fiscal Court's internal control.

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

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



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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Russell 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

Views of Responsible Officials and Planned Corrective Action

Russell County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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,



Mike Harmon
Auditor of Public Accounts

December 19, 2019

**RUSSELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

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RUSSELL COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2019

STATE LAWS AND REGULATIONS:

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

The Russell County Fiscal Court did not advertise for bids on all expenditures for contracted services and materials exceeding \$20,000. The fiscal court paid \$216,297 to a food service vendor for inmates, \$71,658 for fuel at the airport, and \$44,657 for dense grade aggregate for the road department. These items were not bid by the fiscal court.

The fiscal court was not aware they needed to bid the food service contract and airport fuel. Also, they were not aware the road materials exceeded the bid amount threshold. As a result, the fiscal court was not in compliance with procurement laws or their administrative code. In addition, the county may not have received the best value for services or products provided.

Per the Russell County Administrative Code Section 8.1, the fiscal court formally adopted the Commonwealth Model Procurement Code per KRS 45A.343. According to Section 8.2 (C) of the administrative code, “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than Twenty Thousand Dollars (\$20,000) shall be subject to competitive bidding.”

We recommend the fiscal court monitor disbursements to ensure procurement procedures are followed properly for all purchases and contracts in the future.

County Judge/Executive’s Response: No response.

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

RUSSELL COUNTY FISCAL COURT

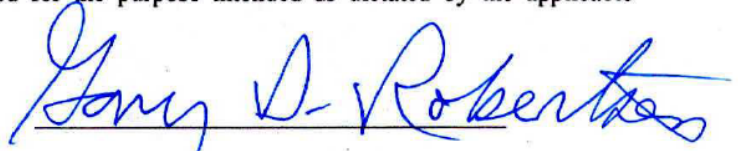
For The Year Ended June 30, 2019

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2019

The Russell 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 blue ink, reading "Gary D. Robertson", written over a horizontal line.

County Judge/Executive

A handwritten signature in blue ink, reading "Kim Jendek", written over a horizontal line.

County Treasurer