

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

**For The Year Ended  
June 30, 2018**



**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, 2018.

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", followed by a horizontal line.

Mike Harmon  
Auditor of Public Accounts

Enclosure

209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841  
FACSIMILE 502.564.2912  
WWW.AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M / F / D



THIS PAGE LEFT BLANK INTENTIONALLY

## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
WEBSTER COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT .....	9
BUDGETARY COMPARISON SCHEDULES.....	21
NOTE TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES .....	28
SCHEDULE OF CAPITAL ASSETS.....	31
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS .....	32
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	35
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY

**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  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
The Honorable Stephen Henry, Webster County Judge/Executive  
Members of the Webster 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 Webster County Fiscal Court, for the year ended June 30, 2018, 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  
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

### **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, 2018, 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, 2018, 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 Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, 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

January 16, 2019

**WEBSTER COUNTY OFFICIALS****For The Year Ended June 30, 2018****Fiscal Court Members:**

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

**Other Elected Officials:**

William Clint Prow	County Attorney
Terry Elder	Jailer
Valerie Franklin Newell	County Clerk
Debbie Austin	Circuit Court Clerk
Frankie Springfield	Sheriff
Jeffrey Kelley	Property Valuation Administrator
Todd Vanover	Coroner

**Appointed Personnel:**

Paula Guinn	County Treasurer
Leesa Russell	County Finance Officer

**WEBSTER COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

<b>SANITATION FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>RECEIPTS</b>				
Charges for Services	\$ 202,000	\$ 202,000	\$ 208,852	\$ 6,852
Interest	138	138	162	24
Total Receipts	202,138	202,138	209,014	6,876
<b>DISBURSEMENTS</b>				
General Health and Sanitation	187,140	195,040	194,752	288
Administration	15,773	17,873	14,504	3,369
Total Disbursements	202,913	212,913	209,256	3,657
Excess (Deficiency) of Receipts Over Disbursements	(775)	(10,775)	(242)	10,533
Net Change in Fund Balance	(775)	(10,775)	(242)	10,533
Fund Balance - Beginning	775	10,775	23,450	12,675
Fund Balance - Ending	\$ 0	\$ 0	\$ 23,208	\$ 23,208

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

**For The Year Ended June 30, 2018**

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

**For The Year Ended June 30, 2018**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 1,437,765	\$	\$
In Lieu Tax Payments	18,430		
Licenses and Permits	10,625		
Intergovernmental	1,268,717	1,545,929	2,795,425
Charges for Services	17,570		45,611
Miscellaneous	151,815	151,607	230,573
Interest	4,072	3,154	1,251
Total Receipts	<u>2,908,994</u>	<u>1,700,690</u>	<u>3,072,860</u>
<b>DISBURSEMENTS</b>			
General Government	1,611,872		
Protection to Persons and Property	529,263		2,246,030
General Health and Sanitation	234,679		
Social Services	5,308		
Recreation and Culture			
Roads		1,388,335	
Airports			
Debt Service			335,391
Administration	197,210	297,406	501,812
Total Disbursements	<u>2,578,332</u>	<u>1,685,741</u>	<u>3,083,233</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>330,662</u>	<u>14,949</u>	<u>(10,373)</u>
Net Change in Fund Balance	330,662	14,949	(10,373)
Fund Balance - Beginning (Restated)	<u>508,036</u>	<u>194,130</u>	<u>307,858</u>
Fund Balance - Ending	<u>\$ 838,698</u>	<u>\$ 209,079</u>	<u>\$ 297,485</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 933,726	\$ 237,059	\$ 412,818
Less: Outstanding Checks	(95,028)	(27,980)	(115,333)
Fund Balance - Ending	<u>\$ 838,698</u>	<u>\$ 209,079</u>	<u>\$ 297,485</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, 2018**  
**(Continued)**

Budgeted Funds				Unbudgeted Funds		Total Funds
Local Government Economic Assistance Fund	State Grants Fund	Sanitation Fund	Animal Shelter Fund	Public Facilities Construction Corporation Fund	Jail Commissary Fund	
\$	\$	\$	\$	\$	\$	\$
						1,437,765
						18,430
1,310						11,935
869,865	387,805			204,801		7,072,542
		208,852			312,043	584,076
68,536						602,531
1,486	102	162	89			10,316
941,197	387,907	209,014	89	204,801	312,043	9,737,595
508,813						2,120,685
31,681	75,000					2,881,974
710,479	19,315	194,752	10,625			1,169,850
145,624	293,628					444,560
6,136					316,703	322,839
16,220						1,404,555
1,490						1,490
				203,785		539,176
		14,504		1,000		1,011,932
1,420,443	387,943	209,256	10,625	204,785	316,703	9,897,061
(479,246)	(36)	(242)	(10,536)	16	(4,660)	(159,466)
(479,246)	(36)	(242)	(10,536)	16	(4,660)	(159,466)
796,640	9,002	23,450	44,545	1,078	47,407	1,932,146
\$ 317,394	\$ 8,966	\$ 23,208	\$ 34,009	\$ 1,094	\$ 42,747	\$ 1,772,680
\$ 361,269	\$ 8,966	\$ 36,271	\$ 34,009	\$ 1,094	\$ 42,752	\$ 2,067,964
(43,875)		(13,063)			(5)	(295,284)
\$ 317,394	\$ 8,966	\$ 23,208	\$ 34,009	\$ 1,094	\$ 42,747	\$ 1,772,680

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