



Romaine & Towsery

Certified Public Accountants

May 18, 2021

Members of Marshall County Fiscal Court
c/o The Honorable Kevin Neal
Marshall County Judge/Executive

RE: Fiscal Court Engagement for Year Ended June 30, 2021

Members of the Fiscal Court:

We are pleased to confirm our understanding of the services we are to provide the Marshall County Fiscal Court for the year ended June 30, 2021. We will audit the Statement of Receipts, Disbursements and Changes in Cash Balances and Cash Equivalents-Regulatory Basis for the year ended June 30, 2021, and the related notes to the financial statement. We are pleased to confirm our acceptance and understanding of this audit engagement by means of this letter. The objective of our audit is the expression of an opinion on whether your financial statement is fairly presented, in all material respects, in conformity with the regulatory basis, which is a special purpose financial reporting framework other than U.S. generally accepted accounting principles.

Supplementary information will accompany Marshall County Fiscal Court's financial statement. We will subject the following information to the auditing procedures applied in our audit of the basic financial statement and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and additional procedures in accordance with auditing standards generally accepted in the United State of America. We intend to provide an opinion on the following supplementary information in relation to the financial statement as a whole:

1. Budgetary Comparison Schedules
2. Schedule of Capital Assets

Audit of the Financial Statements

We will conduct our audit in accordance with U.S. generally accepted auditing standards, the standards for 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 error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, the standards for financial audits contained in *Government Auditing Standards*, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky.

In making our risk assessments, we consider 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statement that we have identified during the audit.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statement in accordance with the regulatory basis of accounting as required by the Department of Local Government;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statement such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statement, or if the supplementary information will not be presented with the audited financial statement, to make the audited financial statement readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

Other Matters

We will issue a written report upon completion of our audit of Marshall County's financial statement. Our report will be addressed to the governing body of Marshall County. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report upon completion of our audit describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing. In order to expedite your audit and keep the audit fee to a minimum, we have enclosed a "Client Assistance List" that identifies the records that you need to have collected and available when our auditors arrive. We have assigned the audit to a representative from our office, who will contact you to schedule a beginning audit date.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The bill will be for the cost of our audit in accordance with KRS 43.070(3). Our fee will be at our standard rate for professional services plus out-of-pocket costs for travel, which will not exceed \$20,000. If the audit requires a "Single Audit"; then our rate for professional services plus out-of-pocket costs for travel, which will not exceed \$28,000. Whenever possible, we will attempt to use Marshall County's personnel to assist in the preparation of schedules and analyses of accounts. With respect to any non-attest services we perform, Marshall County's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. *Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the financial statement and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will conduct an exit conference with the County Judge/ Executive, County Treasurer, and one additional member of the fiscal court in order to communicate the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that we were brought to the attention of management as result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or subject of correspondence, with management.

Once our audit report has been delivered to you, you will make arrangements to have our transmittal letter published in a local newspaper. The newspaper will bill the county for the publication fees as required by KRS 43.090(2).

The audit documentation for this engagement is the property of *Romaine & Associates, PLLC dba Romaine & Towery*, and constitutes confidential information. However, we may be requested to make certain audit documentation available to other state or federal agencies pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of *Romaine & Associates, PLLC dba Romaine & Towery* personnel. Furthermore, upon request, we may provide photocopies of selected audit documentation to other state or federal agencies. The state or federal agency may intend, or decide, to distribute the photocopies or information contained therein to others, including other

governmental agencies. In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report and letter of comment for your consideration and files.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statement including our respective responsibilities. If you have any questions, please feel free to contact Eli Towery, or me.

Sincerely,



Krista Romaine, CPA
Romaine & Towery

RESPONSE:

This letter correctly sets forth the understanding of Marshall County Fiscal Court

By:



Title:

Supr Groundm

Date:

8/3/21