

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

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
Honorable Donnie Watson, Estill County Judge/Executive
Members of the Estill County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We were engaged to audit the financial activity contained in the Fourth Quarter Financial Report of the Estill County Fiscal Court, for the year ended June 30, 2017.

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. Because of the issues described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Audit evidence indicated intentional override of internal controls by management and employees that had a potentially material effect on the financial statement. The Estill County Fiscal Court had serious weaknesses in the operation of its internal control procedures and failed to implement effective oversight and review procedures to prevent and detect errors, misstatements, and fraud in the county's financial activities. The absence of effective internal controls, oversight, and review procedures created an environment in which funds were misappropriated and financial records were manipulated. Based on these conditions, we determined the fraud risk to be too high and were unable to apply other procedures to mitigate this risk.



To the People of Kentucky
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Basis for Disclaimer of Opinion (Continued)

The significance of these issues, in the aggregate, prevents us from placing reliance on the financial activities contained in the Estill County Fiscal Court's Fourth Quarter Financial Report and from expressing an opinion on the financial statement of the Estill County Fiscal Court.

Disclaimer of Opinion

Because of the significance of the issues described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.

Other Matters

We were engaged for the purpose of forming an opinion on the financial activity in the Fourth Quarter Financial Report of the Estill County Fiscal Court. The Schedule of Expenditures of Federal Awards (SEFA) is normally presented for purposes of additional analysis and is not a required part of the financial statements. Because of the significance of matters described in the Basis for Disclaimer of Opinion paragraph above related to our inability to rely on underlying financial records, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of the Estill 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 Estill 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 Questioned Costs included herein, which discusses the following report findings:

- 2017-001 The Estill County Fiscal Court's Internal Control Environment Is Ineffective
- 2017-002 The Fiscal Court Does Not Have Adequate Controls Over The Financial Accounting Software Program
- 2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements
- 2017-004 The Former County Judge/Executive Appears To Have Misappropriated County Disbursements Totaling \$26,750
- 2017-005 An Area Development Funds Grant Was Handled Inappropriately
- 2017-006 Management Allowed Non-Employees To Charge Purchases To The County
- 2017-007 The Fiscal Court Did Not Have Adequate Controls And Oversight For Credit Card Purchases
- 2017-008 Internal Controls Over Occupational Tax Collections Are Not Adequate
- 2017-009 Cash Collected At The Animal Shelter Was Missing From Deposits
- 2017-010 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate

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Other Reporting Required by *Government Auditing Standards* (Continued)

- 2017-011 Amounts Paid To The County Employees Retirement System (CERS) For Retirement Deductions And Matching Contributions Are Not Accurate
- 2017-012 Payroll Calculations For Some Part Time Employees Are Not Correct
- 2017-013 Overtime Calculations And Compensatory Time Calculations Are Not Accurate And Time Records Do Not Agree To Amounts Paid To Employees
- 2017-014 Wage Rates And Increases Were Not Documented In Personnel Files And The Fiscal Court Failed To Set The Jailer's Salary As Required
- 2017-015 The Revolving Payroll Account Reconciliation Was Not Complete And Accurate
- 2017-016 Interfund Transfers Were Not Approved By The Fiscal Court And Were Not Recorded Properly
- 2017-017 The Depository Institution Did Not Pledge Or Provide Sufficient Collateral To Protect Deposits And The Fiscal Court Did Not Have A Written Agreement To Protect Deposits
- 2017-018 The Former Estill County Judge/Executive Executed A Loan Before Obtaining Fiscal Court Approval
- 2017-019 The Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements
- 2017-020 The Estill County Fiscal Court Did Not Classify Debt Service Payments Properly
- 2017-021 The Jailer Did Not Maintain Adequate Controls Over The Jail Commissary Fund
- 2017-022 The Jailer Did Not Have Adequate Segregation Of Duties Over Jail Commissary Accounting Functions
- 2017-023 The Jailer Did Not Prepare And Submit An Annual Jail Commissary Report To The County Treasurer
- 2017-024 The Jailer Did Not Handle Receipts Properly And Did Not Make Daily Deposits
- 2017-025 The Jailer Paid For Plumbing Repairs From The Jail Commissary That Were Also Paid For From The Jail Fund
- 2017-026 The Jailer Did Not use Commissary Profits For Allowable Items
- 2017-027 The Jail Commissary Used A Debit Card For Purchases
- 2017-028 The Jailer Did Not Pay Jail Commissary Invoices Timely
- 2017-029 The Jailer Did Not Properly Close Out The Commissary Account
- 2017-030 The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

May 4, 2020

ESTILL COUNTY OFFICIALS**For The Year Ended June 30, 2017****Fiscal Court Members:**

Wallace Taylor	County Judge/Executive
Darrell Johnson	Magistrate
Gerald Rader	Magistrate
Gerry Flannery	Magistrate (July 1, 2016 through November 17, 2016)
William Eldridge	Magistrate (December 19, 2016 through June 30, 2017)

Other Elected Officials:

Rodney Davis	County Attorney
Bo Morris	Jailer
Sherry Fox	County Clerk
Stephanie Brinegar	Circuit Court Clerk
Gary Freeman	Sheriff
Jeff Hix	Property Valuation Administrator
Tony Murphy	Coroner

Appointed Personnel:

Teresa Sparks	Deputy County Judge/Executive (July 1, 2016 through May 16, 2017)
Laura Ann Rogers	County Treasurer
Christine Brandenburg	Finance Officer
Kim Dawes	Solid Waste Coordinator

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT**

For The Year Ended June 30, 2017

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT**

For The Year Ended June 30, 2017

Financial Statement
ESTILL COUNTY FISCAL COURT
 Fund Type: Governmental
 From: 07/01/2016 To: 06/30/2017

SUMMARY

	GENERAL	Road	Jail	L.G.E.A.	St. Grants	EM Tower	Search/Rescue	CSEPP	911 FEES	PLANNING	Emer/Mgmt	CERT	Totals
Total Receipts	2,410,987.80	1,444,581.52	924,584.69	28,655.88	135,679.58	89,809.46		710,156.53	47,027.94	2,500.00	15,912.05	3,821.46	5,813,716.91
Total Claims	2,356,527.41	1,443,768.66	924,272.60	20,156.46	72,962.11			697,595.41	30,063.40		13,560.33		5,558,906.38
Cash Balance	54,460.39	812.86	312.09	8,499.42	62,717.47	89,809.46		12,561.12	16,964.54	2,500.00	2,351.72	3,821.46	254,810.53
Encumbrances													
Unencumbered Cash Balance	54,460.39	812.86	312.09	8,499.42	62,717.47	89,809.46		12,561.12	16,964.54	2,500.00	2,351.72	3,821.46	254,810.53

RECONCILIATION

Bank Balance	63,185.04	1,261.70	8,175.08	9,853.02	22,000.79	89,809.46		24,093.73	16,964.54	2,500.00	2,351.72	3,821.46	244,016.54
Outstanding Deposits					41,000.00								41,000.00
Outstanding Checks	8,724.65	448.84	7,862.99	1,353.60	283.32			11,532.61					30,206.01
Other Investments													
Cash Balance	54,460.39	812.86	312.09	8,499.42	62,717.47	89,809.46		12,561.12	16,964.54	2,500.00	2,351.72	3,821.46	254,810.53

TO THE BEST OF MY KNOWLEDGE, THE INFORMATION CONTAINED HEREIN IS ACCURATE AND COMPLETE


 LAURA ROGERS, COUNTY TREASURER

7-31-17
 Date


 WALLACE TAYLOR, COUNTY JUDGE/EXECUTIVE

8/17/17
 Date

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
GENERAL FUND									
01-4101-	REAL PROPERTY TAX	359,000.00			359,000.00	326,484.33	326,484.33	90.94%	32,515.67
01-4102-	TANGIBLE PROP TAX	12,000.00			12,000.00	11,842.18	11,842.18	98.68%	157.82
01-4103-	MOTOR VEHICLE TAXES- CO CLERK	62,500.00	7,177.29		69,677.29	74,902.55	74,902.55	107.50%	(5,225.26)
01-4104-	DELINQUENT TAXES - CO CLERK	40,000.00			40,000.00	32,310.28	32,310.28	80.78%	7,689.72
01-4112-	FIRE PROTECTION	2,600.00			2,600.00	2,591.42	2,591.42	99.67%	8.58
01-4121-	ADVERTISING COSTS	250.00			250.00				250.00
01-4130-	BANK FRANCHISE	27,500.00			27,500.00	24,478.52	24,478.52	89.01%	3,021.48
01-4131-	FRANCHISE CORPORATION TAX	41,000.00			41,000.00	38,383.66	38,383.66	93.62%	2,616.34
01-4134-	PAYROLL TAX	1,069,105.00			1,069,105.00	1,119,401.29	1,119,401.29	104.70%	(50,296.29)
01-4135-	DEED TRANSFER	22,500.00			22,500.00	16,354.68	16,354.68	72.69%	6,145.32
01-4140-	911 TAX	172,500.00			172,500.00	127,308.20	127,308.20	73.80%	45,191.80
01-4210-	OTHER IN LIEU PMTS-PILT	4,000.00			4,000.00				4,000.00
01-4302-	EXCESS FEES		50,013.41		50,013.41	50,013.41	50,013.41	100.00%	
01-4304-	EXCESS FEE - SHERIFF		68,514.28		68,514.28	68,514.28	68,514.28	100.00%	
01-4401-	COMMERCIAL LICENSE	1,200.00			1,200.00	650.00	650.00	54.17%	550.00
01-4406-	DOG LICENSES	100.00			100.00				100.00
01-4417-	CABLE VISION FRANCHISE FEE	10,500.00			10,500.00	10,159.02	10,159.02	96.75%	340.98
01-4419-	WASTE HAULING PERMIT FEE	2,000.00			2,000.00	1,550.00	1,550.00	77.50%	450.00
01-4501-	OMITTED TANGIBLES		26.89		26.89	314.16	314.16	168.32%	(287.27)
01-4505-	MOTOR VEHICLE TAX - OTHER COUNTIES	9,500.00			9,500.00	3,877.18	3,877.18	40.81%	5,622.82
01-4520-	ELECTION EXPENSE REIMBURSEMENT	12,500.00			12,500.00	5,970.00	5,970.00	47.76%	6,530.00
01-4521-	BOARD ASSESSMENT APPEALS	300.00			300.00	200.00	200.00	66.67%	100.00
01-4522-	LEGAL PROCESS TAX	150.00	114.31		264.31	64.31	64.31	24.33%	200.00
01-4524-	HB 413 COURT FIC	60,000.00			60,000.00	20,194.33	20,194.33	33.66%	39,805.67
01-4532-	AOC SPACE RENTAL	65,500.00			65,500.00	61,664.20	61,664.20	94.14%	3,835.80
01-4540-	FIREFIGHTER INCENTIVE PAY	7,300.00			7,300.00	9,494.48	9,494.48	130.06%	(2,194.48)
01-4542-	EMA REIMBURSEMENT	18,000.00			18,000.00	15,582.78	15,582.78	86.57%	2,417.22
01-4551-	TELEPHONE REIMBURSEMENT	25.00			25.00				25.00
01-4601-	FOREST FIRE SUPPRESSION	2,500.00			2,500.00	211.00	211.00	8.44%	2,289.00
01-4603-	LANDFILL USER FEES	125,000.00	6,485.76		131,485.76	192,019.46	192,019.46	146.04%	(60,533.70)
01-4604-	KY RIVER AUTHORITY PARK REIMBURSEMENT FUNI								

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ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
GENERAL FUND									
01-4610-	- 911 DISPATCHER PAYROLL FROM CITIES	125,000.00			125,000.00	30,300.00	30,300.00	24.24%	94,700.00
01-4612-	- ANIMAL SHELTER FEES FROM OTHER CO	46,000.00			46,000.00	28,703.00	28,703.00	62.40%	17,297.00
01-4612-	-R ANIMAL RESCUE FEE	5,000.00			5,000.00	580.00	580.00	11.60%	4,420.00
01-4612-	-A ANIMAL ADOPTIONS	600.00	1,352.28		1,952.28	1,522.28	1,522.28	77.97%	430.00
01-4620-	- ROAD SIGNS								
01-4680-	- SENIOR CITIZENS SERVICE FEES	12,500.00	24,707.75		37,207.75	13,910.79	13,910.79	37.39%	23,296.96
01-4699-	- FIRE (CHARGES FOR OTHER SERVICES)	100.00			100.00				100.00
01-4699-	-OP OPEN RECORDS	50.00			50.00				50.00
01-4701-	- VENDING	100.00			100.00				100.00
01-4704-	- SURPLUS SALES	10,000.00			10,000.00				10,000.00
01-4713-	- RECYCLING RECEIPTS	25,000.00			25,000.00	18,551.06	18,551.06	74.20%	6,448.94
01-4727-	- REIMBURSEMENT	5,000.00	6,481.73		11,481.73	3,996.23	3,996.23	34.81%	7,485.50
01-4727-	-C LEASE RENT COMMONWEALTH ATTY OFFICE	35,600.00			35,600.00	29,964.00	29,964.00	84.17%	5,636.00
01-4727-	-BSA BIG SANDY SALARY REIMBURSEMENT								
01-4727-	-UNC KY STATE TREASURY UNCLAIMED PROPERTY MONII		19,893.82		19,893.82	19,893.82	19,893.82	100.00%	
01-4728-	- DONATION TO COUNTY DEPARTMENTS	2,000.00			2,000.00	750.00	750.00	37.50%	1,250.00
01-4731-	- MISCELLANEOUS REVENUES	1,000.00			1,000.00	21,163.65	21,163.65	116.37%	(20,163.65)
01-4733-	- INSURANCE REIMBURSEMENT					4,034.79	4,034.79		(4,034.79)
01-4760-	- COURT RESTITUTION PAYMENTS	1,500.00			1,500.00				1,500.00
01-4798-	- SENIOR CITIZENS - BADD	116,200.00			116,200.00	45,583.53	45,583.53	39.23%	70,616.47
01-4799-	- SHERIFF PAYROLL REIMBURSEMENT	267,000.00			267,000.00	162,943.45	162,943.45	61.03%	104,056.55
01-4799-	-DIS CSEPP DISPATCH PAYROLL REIMB		8,676.46		8,676.46	24,261.26	24,261.26	279.62%	(15,584.80)
01-4799-	-AUD CSEPP AUDIT REIMBURSEMENT SHARE					8,884.85	8,884.85		(8,884.85)
01-4799-	-LAI CSEPP LIABILITY REIMBURSEMENT					14,251.00	14,251.00		(14,251.00)
01-4801-	-LEA REFUND OF INTEREST LEASE					1,277.22	1,277.22		(1,277.22)
01-4806-	- BANK INTEREST	100.00			100.00				100.00
01-4808-	- KACO ACQ REIMBURSEMENT	4,000.00			4,000.00				4,000.00
Total Above Line Revenues		2,784,280.00	193,443.98		2,977,723.98	2,645,106.65	2,645,106.65	88.83%	332,617.33

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
GENERAL FUND									
01-4901-	- SURPLUS FROM PRIOR YEAR	45,000.00			45,000.00	11,630.70	11,630.70	25.85%	33,369.30
01-4909-	- TRANSFERS TO OTHER FUNDS	(269,250.00)			(269,250.00)	(959,749.55)	(959,749.55)	356.45%	690,499.55
01-4910-	- TRANSFERS FROM OTHER FUNDS	201,000.00			201,000.00	314,000.00	314,000.00	156.22%	(113,000.00)
01-4911-	- BORROWED MONEY		400,000.00		400,000.00	400,000.00	400,000.00	100.00%	
Total Below Line Revenues		(23,250.00)	400,000.00		376,750.00	(234,118.85)	(234,118.85)	-62.14%	610,868.85
Total GENERAL Fund Receipts		2,761,030.00	593,443.98		3,354,473.98	2,410,987.80	2,410,987.80	71.87%	943,486.18

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
Road Fund									
02-4205-	NATIONAL FOREST	15,000.00			15,000.00				15,000.00
02-4503-	FEMA REIMBURSEMENT	200,000.00			200,000.00	148,044.23	148,044.23	74.02%	51,955.77
02-4506-	REIMBURSEMENT FOR BRIDGES	100,000.00			100,000.00				100,000.00
02-4513-	EMERGENCY CRA	80,000.00			80,000.00	66,900.00	66,900.00	83.63%	13,100.00
02-4516-	TRUCK LICENSE REFUND	201,071.00	27,905.91		228,976.91	228,976.91	228,976.91	100.00%	
02-4517-	DRIVER'S LICENSE REFUND	1,000.00	354.00		1,354.00	1,354.00	1,354.00	100.00%	
02-4518-	COUNTY ROAD AID	845,555.00	16,366.00		861,921.00	861,921.00	861,921.00	100.00%	
02-4619-	ROAD MAINTENANCEIMPROVEMENTS	525,000.00			525,000.00	200,000.00	200,000.00	38.10%	325,000.00
02-4620-	ROAD SIGNS								
02-4704-	SURPLUS MACH SALES	6,000.00			6,000.00				6,000.00
02-4726-	INSURANCE REIMB								
02-4731-	MISCELLANEOUS REVENUES	1,000.00			1,000.00	3,474.65	3,474.65	347.46%	(2,474.65)
02-4806-	INTEREST CHECKING	100.00			100.00				100.00
Total Above Line Revenues		1,974,726.00	44,625.91		2,019,351.91	1,510,670.79	1,510,670.79	74.81%	508,681.12
02-4901-	PRIOR YEAR SURPLUS	20,000.00			20,000.00	210.73	210.73	1.05%	19,789.27
02-4909-	TRANSFERS TO OTHER FUNDS	(201,000.00)			(201,000.00)	(202,000.00)	(202,000.00)	100.50%	1,000.00
02-4910-	TRANSFERS FROM OTHER FUNDS	201,000.00			201,000.00	135,700.00	135,700.00	67.51%	65,300.00
02-4911-	BORROWED MONEY								
Total Below Line Revenues		20,000.00			20,000.00	(66,089.27)	(66,089.27)	330.45%	86,089.27
Total Road Fund Receipts		1,994,726.00	44,625.91		2,039,351.91	1,444,581.52	1,444,581.52	70.84%	594,770.39

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
Jail Fund									
03-4134-	- PAYROLL TAX	370,000.00			370,000.00	163.56	163.56	0.04%	369,836.44
03-4533-	- STATE/JAIL ALLOTMENT	72,000.00			72,000.00	70,835.29	70,835.29	98.38%	1,164.71
03-4534-	- STATE JAIL MEDICAL	5,500.00			5,500.00				5,500.00
03-4535-	- COURT COST COLLECTION, HB 452	3,900.00			3,900.00	1,924.79	1,924.79	49.35%	1,975.21
03-4536-	- BOOKING FEES								
03-4538-	- DUI FEES	3,000.00			3,000.00	2,349.84	2,349.84	78.33%	650.16
03-4543-	- INMATE MEDICAL REIMBURSEMENT	1,500.00			1,500.00	49.14	49.14	3.28%	1,450.86
03-4559-	- SOCIAL SECURITY ADM. FINDERS FEE		1,600.00		1,600.00	1,600.00	1,600.00	100.00%	
03-4569-	- LOCAL CORRECTIONS ASSISTANCE	7,500.00	5,000.00		12,500.00	18,750.00	18,750.00	150.00%	(6,250.00)
03-4618-	- WORK RELEASE								
03-4633-	- JAIL BOND COLLECTION FEES								
03-4634-	- PRISONER REIMB-HOUSING								
03-4702-	- TELEPHONE COMMISSIONS								
03-4727-	- JAIL REIMBURSEMENTS								
03-4731-	- MISCELLANEOUS REVENUES								
03-4806-	- INTEREST EARNED CHECKING					22.39	22.39		(22.39)
Total Above Line Revenues		463,400.00	6,600.00		470,000.00	95,695.01	95,695.01	20.36%	374,304.99
03-4901-	- SURPLUS FROM PRIOR YEARS	1,000.00	2,840.13		3,840.13	3,840.13	3,840.13	100.00%	
03-4903-	- ADJUSTMENTS TO PRIOR YEAR					1,000.00	1,000.00		(1,000.00)
03-4910-	- TRANSFER IN FROM OTHER FUNDS	68,250.00			68,250.00	824,049.55	824,049.55	207.40%	(755,799.55)
Total Below Line Revenues		69,250.00	2,840.13		72,090.13	828,889.68	828,889.68	149.80%	(756,799.55)
Total Jail Fund Receipts		532,650.00	9,440.13		542,090.13	924,584.69	924,584.69	170.56%	(382,494.56)

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
Local Government Economic Assistance Fund									
04-4138-	- TRANSIT TAX	10,000.00			10,000.00	13,318.24	13,318.24	133.18%	(3,318.24)
04-4529-	- MINERALS SEVERANCE TAX	25,000.00			25,000.00	14,077.33	14,077.33	56.31%	10,922.67
04-4731-	- MISC REVENUE		24,110.69		24,110.69	1,000.77	1,000.77	4.15%	23,109.92
04-4806-	- INTERESTS ON CHECKING ACCOUNTS	50.00			50.00	4.23	4.23	8.46%	45.77
	Total Above Line Revenues	35,050.00	24,110.69		59,160.69	28,400.57	28,400.57	48.01%	30,760.12
04-4901-	- SURPLUS PRIOR YEAR	5,450.00			5,450.00	255.31	255.31	4.68%	5,194.69
04-4909-	- CASH TRANSFER TO OTHER ACCOUNTS								
	Total Below Line Revenues	5,450.00			5,450.00	255.31	255.31	4.68%	5,194.69
	Total L.G.E.A. Fund Receipts	40,500.00	24,110.69		64,610.69	28,655.88	28,655.88	44.35%	35,954.81

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
State Grants Fund									
06-4504-	- ADF	28,000.00			28,000.00	10,944.00	10,944.00	39.09%	17,056.00
06-4506-	- AMBULANCE	12,000.00			12,000.00	10,000.00	10,000.00	83.33%	2,000.00
06-4510-	- STATE GRANT-PARK	100,000.00			100,000.00				100,000.00
06-4510-	-CH COURTHOUSE BATHROOM RENOVATION		17,000.00		17,000.00	17,000.00	17,000.00	100.00%	
06-4510-	-REC RECYCLING CARTS		11,000.00		11,000.00	11,000.00	11,000.00	100.00%	
06-4510-	-TLA TRUCK LIFT & ACCESSORIES		7,500.00		7,500.00	7,500.00	7,500.00	100.00%	
06-4510-	-SER DELL 2012 OFFICE SERVER		5,500.00		5,500.00	5,500.00	5,500.00	100.00%	
06-4543-	- HB 174 LITTER ABATEMENT	24,000.00			24,000.00	24,109.92	24,109.92	100.46%	(109.92)
06-4612-	- ANIMAL SHELTER GRANTS	5,000.00			5,000.00				5,000.00
06-4713-	- RECYCLING GRANT	10,000.00			10,000.00				10,000.00
06-4727-	- REIMBURSEMENT FUNDS								
06-4798-	- KCTCS/STATE FIRE COMMISSION GRANT	2,500.00			2,500.00				2,500.00
Total Above Line Revenues		181,500.00	41,000.00		222,500.00	86,053.92	86,053.92	38.68%	136,446.08
06-4901-	- PRIOR YEAR SURPLUS STATE GRANT		49,625.66		49,625.66	49,625.66	49,625.66	100.00%	
06-4909-	- CASH TRANSFER TO OTHER FUNDS								
Total Below Line Revenues			49,625.66		49,625.66	49,625.66	49,625.66	100.00%	
Total St. Grants Fund Receipts		181,500.00	90,625.66		272,125.66	135,679.58	135,679.58	49.86%	136,446.08

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
Emergency Services Communication Fund									
08-4680-	EM COMMUNICATION TOWER FEES	15,000.00			15,000.00	19,914.00	19,914.00	132.76%	(4,914.00)
08-4801-	INTEREST	50.00			50.00				50.00
Total Above Line Revenues		15,050.00			15,050.00	19,914.00	19,914.00	132.32%	(4,864.00)
08-4901-	SURPLUS PRIOR YEAR	30,000.00	39,895.46		69,895.46	69,895.46	69,895.46	100.00%	0.00
Total Below Line Revenues		30,000.00	39,895.46		69,895.46	69,895.46	69,895.46	100.00%	0.00
Total EM Tower Fund Receipts		45,050.00	39,895.46		84,945.46	89,809.46	89,809.46	105.73%	(4,864.00)

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
HB 502 WASTE WATER FUND									
10-4510-	- HB 502 WASTE WATER FUND								
Total Above Line Revenues									
10-4901-	- HB 502 WASTE WATER								
10-4909-	- CASH TRANSFER TO OTHER FUNDS								
Total Below Line Revenues									
Total HB 502 Fund Receipts									

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report ESTILL COUNTY FISCAL COURT Fiscal Year: 2016-2017 Fund Type: Governmental From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
County Search and Rescue Fund									
16-4503-	- COUNTY SEARCH AND RESCUE FEES	1,000.00			1,000.00				1,000.00
	Total Above Line Revenues	1,000.00			1,000.00				1,000.00
16-4901-	- SURPLUS PRIOR YEAR								
	Total Below Line Revenues								
	Total Search/Rescue Fund Receipts	1,000.00			1,000.00				1,000.00

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
CSEPP FUND									
75-4503-	FEDERAL GRANTS	1,107,621.00			1,107,621.00	655,972.38	655,972.38	59.22%	451,648.62
75-4727-	MISC REIMBURSEMENT								
Total Above Line Revenues		1,107,621.00			1,107,621.00	655,972.38	655,972.38	59.22%	451,648.62
75-4901-	PRIOR YEAR SURPLUS CSEPP	640,955.00			640,955.00	54,184.15	54,184.15	8.45%	586,770.85
75-4903-	PRIOR YEAR VOIDED CHECK ADJUSTMENT								
Total Below Line Revenues		640,955.00			640,955.00	54,184.15	54,184.15	8.45%	586,770.85
Total CSEPP Fund Receipts		1,748,576.00			1,748,576.00	710,156.53	710,156.53	40.61%	1,038,419.47

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
CMRS-Special Fund									
76-4610-	- CMRS DISPATCH MONIES	122,500.00			122,500.00	129,191.79	129,191.79	105.46%	(6,691.79)
	Total Above Line Revenues	122,500.00			122,500.00	129,191.79	129,191.79	105.46%	(6,691.79)
76-4901-	- CMRS PRIOR YEAR SURPLUS	50,000.00			50,000.00	29,836.15	29,836.15	59.67%	20,163.85
76-4909-	- CMRS CASH TRANSFER TO OTHER FUNDS					(112,000.00)	(112,000.00)		112,000.00
	Total Below Line Revenues	50,000.00			50,000.00	(82,163.85)	(82,163.85)	-164.33%	132,163.85
	Total 911 FEES Fund Receipts	172,500.00			172,500.00	47,027.94	47,027.94	27.26%	125,472.06

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
HOMELAND SECURITY GRANT									
77-4512-	-	HOMELAND SECURITY GRANT			1,000.00	1,000.00			1,000.00
		Total Above Line Revenues			1,000.00	1,000.00			1,000.00
77-4901-	-	HOMELAND SECURITY							
		Total Below Line Revenues							
		Total HOMELAND Fund Receipts			1,000.00	1,000.00			1,000.00

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
Fiscal Year: 2016-2017 Fund Type: Governmental									
From: July 1, 2016 To: June 30, 2017									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
County Planning & Preparedness Program									
78-4504-	PLANING AND PREPAREDNESS FEES	2,500.00			2,500.00				2,500.00
	Total Above Line Revenues	2,500.00			2,500.00				2,500.00
78-4901-	SURPLUS PR YEAR					2,500.00	2,500.00		(2,500.00)
	Total Below Line Revenues					2,500.00	2,500.00		(2,500.00)
	Total PLANNING. Fund Receipts	2,500.00			2,500.00	2,500.00	2,500.00	100.00%	

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
County Emergency Management Agency									
80-4504-	EMERGENCT MGMT REIMBURSEMENT FUNDS	15,000.00			15,000.00	15,621.48	15,621.48	104.14%	(621.48)
	Total Above Line Revenues	15,000.00			15,000.00	15,621.48	15,621.48	104.14%	(621.48)
80-4901-	SURPLUS PRIOR YEAR					290.57	290.57		(290.57)
80-4909-	CASH TRANSFER TO OTHER ACCOUNTS								
	Total Below Line Revenues					290.57	290.57		(290.57)
	Total Emer/Mgmt Fund Receipts	15,000.00			15,000.00	15,912.05	15,912.05	106.08%	(912.05)

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Revenue Condition Report									
ESTILL COUNTY FISCAL COURT									
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>									
<i>From: July 1, 2016 To: June 30, 2017</i>									
Account	Name	Original Budget	Amendments	Transfers +/-	Total Budgeted	Total Received For This Period	Total Received Since July	% Rcvd	Anticipated FY Revenues
CITIZENS EMERGENCY RESPONSE FUNDS									
88-4680-	- CERT REVUNUE	1,000.00			1,000.00				1,000.00
	Total Above Line Revenues	1,000.00			1,000.00				1,000.00
88-4901-	- SURPLUS PRIOR YEAR	4,000.00			4,000.00	3,821.46	3,821.46	95.54%	178.54
	Total Below Line Revenues	4,000.00			4,000.00	3,821.46	3,821.46	95.54%	178.54
	Total CERT Fund Receipts	5,000.00			5,000.00	3,821.46	3,821.46	76.43%	1,178.54
	Total All Funds Receipts	7,501,032.00	802,141.83		8,303,173.83	5,813,716.91	5,813,716.91	70.02%	2,409,456.92

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
GENERAL FUND										
01-5001-101-	COUNTY JUDGE/EXEC. - SALARY	83,000.00		1,500.00	84,500.00	84,466.42	84,466.42	99.96%	33.58	33.58
01-5001-103-	COUNTY JUDGE/EXEC. - DEPUTY JUDGE	33,000.00		2,050.00	35,050.00	35,046.03	35,046.03	99.99%	3.97	3.97
01-5001-104-	CO. JUDGE/EXEC., FINANCE OFFICER	19,800.00		300.00	20,100.00	20,099.32	20,099.32	100.00%	0.68	0.68
01-5001-186-	DEPUTY JUDGE LONGEVITY PAY	400.00		250.00	650.00	650.00	650.00	100.00%		
01-5001-212-	FRINGE BENEFIT									
01-5001-445-	CO. JUDGE/EXEC., OFFICE SUPPLIES	3,500.00		7,920.00	11,420.00	11,704.88	11,704.88	102.49%	(204.88)	(204.88)
01-5001-569-	TRAINING CONFERENCE			203.00	203.00	202.40	202.40	99.70%	0.60	0.60
01-5005-101-	COUNTY ATTORNEY - SALARY	13,500.00		1,169.00	14,669.00	14,668.94	14,668.94	100.00%	0.06	0.06
01-5005-105-	ASSISTANT COUNTY ATTORNEY	25,000.00			25,000.00	20,800.00	20,800.00	83.20%	4,200.00	4,200.00
01-5005-445-	COUNTY ATTORNEY EXPENSES	13,000.00			13,000.00	3,250.00	3,250.00	25.00%	9,750.00	9,750.00
01-5010-364-	COPIER LEASE PAYMENT	10,500.00		200.00	10,700.00	10,958.23	10,958.23	102.41%	(258.23)	(258.23)
01-5010-539-	CO. CLERK ADMINISTRATIVE COSTS	500.00			500.00				500.00	500.00
01-5010-723-	CO CLERK KRS 133.240 TAX BILL	3,000.00			3,000.00	1,466.40	1,466.40	48.88%	1,533.60	1,533.60
01-5015-101-	SHERIFF SALARY	83,000.00		1,221.00	84,221.00	84,220.50	84,220.50	100.00%	0.50	0.50
01-5015-103-	DEPUTY SHERIFF'S SALARY	90,000.00			90,000.00	78,152.43	78,152.43	86.84%	11,847.57	11,847.57
01-5015-167-	SHERIFF'S CLERK SALARY	43,000.00			43,000.00	41,997.64	41,997.64	97.67%	1,002.36	1,002.36
01-5015-181-	DEPUTY SHERIFF'S INCENTIVE PAY	7,200.00		800.00	8,000.00	7,999.92	7,999.92	100.00%	0.08	0.08
01-5015-186-	LONGEVITY PAY-DEPUTY	1,200.00		125.00	1,325.00	1,325.00	1,325.00	100.00%		
01-5015-188-	SHERIFF'S BALIFF SALARY	6,000.00			6,000.00	3,748.50	3,748.50	62.48%	2,251.50	2,251.50
01-5015-452-	SHERIFF'S FUEL	2,500.00		1,300.00	3,800.00	3,727.36	3,727.36	98.08%	72.61	72.61
01-5015-531-	SHERIFF SURETY BOND	1,000.00			1,000.00				1,000.00	1,000.00
01-5015-563-	TAX ENVELOPES & POSTAGE	4,500.00		1,000.00	5,500.00	5,109.75	5,109.75	92.90%	390.25	390.25
01-5015-599-	SHERIFF'S OFFICE MISC. EXPENSE	100.00			100.00				100.00	100.00
01-5020-101-	CORONER SALARY	8,500.00			8,500.00	7,747.20	7,747.20	91.14%	752.80	752.80
01-5020-103-	DEPUTY CORONER SALARY	7,000.00		85.00	7,085.00	7,084.80	7,084.80	100.00%	0.20	0.20
01-5020-210-	CORONER'S EXPENSE ALLOWANCE	1,200.00			1,200.00	1,200.00	1,200.00	100.00%		
01-5020-445-	CORONER'S MATERIALS & SUPPLIES	1,000.00			1,000.00				1,000.00	1,000.00
01-5020-569-	CORONER CONFERENCE AND TRAINING	1,000.00			1,000.00				1,000.00	1,000.00
01-5025-101-	MAGISTRATE SALARIES	26,980.00		29.00	27,009.00	27,009.00	27,009.00	100.00%		
01-5025-167-	FISCAL COURT CLERK SALARY	2,400.00			2,400.00				2,400.00	2,400.00
01-5025-210-	MAGISTRATE EXPENSE ALLOWANCE	9,000.00			9,000.00	7,250.00	7,250.00	80.56%	1,750.00	1,750.00

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report											
ESTILL COUNTY FISCAL COURT											
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>											
<i>From: July 1, 2016 To: June 30, 2017</i>											
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Encumbered	Unencumbered Free Balance
GENERAL FUND											
01-5025-212-	FRINGE BENEFIT	4,000.00		52.00	4,052.00	4,051.96	4,051.96	100.00%	0.04		0.04
01-5025-569-	TRAINING CONFERENCE	1,000.00			1,000.00	869.00	869.00	86.90%	131.00		131.00
01-5030-367-	P.V.A. STATUTORY CONTRIBUTION	19,450.00		242.00	19,692.00	19,691.16	19,691.16	100.00%	0.84		0.84
01-5035-199-	BOARD OF ASSESSMENT APPEALS	450.00		50.00	500.00	500.00	500.00	100.00%			
01-5040-102-	COUNTY TREASURER - SALARY	30,000.00		2,116.00	32,116.00	32,115.82	32,115.82	100.00%	0.18		0.18
01-5040-105-	TREASURER ASSISTANT										
01-5040-186-	ANNUAL LONGEVITY PAY	600.00			600.00	525.00	525.00	87.50%	75.00		75.00
01-5040-445-	CO. TREASURER, OFFICE SUPPLIES	500.00			500.00	386.08	386.08	77.22%	113.92		113.92
01-5040-531-	CO. TREASURER SURETY BOND	750.00			750.00				750.00		750.00
01-5047-445-	OCCUPATIONAL TAX ADMIN. OFFICE SUPPLIES	1,750.00			1,750.00	1,735.30	1,735.30	99.16%	14.70		14.70
01-5060-101-	COUNTY LAW LIBRARIAN	600.00			600.00				600.00		600.00
01-5065-192-	ELECTION OFFICERS	16,000.00			16,000.00	6,300.00	6,300.00	39.38%	9,700.00		9,700.00
01-5065-193-	ELECTION COMMISSIONERS	5,000.00			5,000.00	4,360.00	4,360.00	87.20%	640.00		640.00
01-5065-445-	ELECTION SUPPLIES	25,000.00		3,172.00	28,172.00	28,171.78	28,171.78	100.00%	0.22		0.22
01-5080-175-	CUSTODIAL SALARIES	18,500.00			18,500.00				18,500.00		18,500.00
01-5080-177-	COURTHOUSE MAINTINANCE PERSON	12,500.00		12,347.00	24,847.00	24,846.25	24,846.25	100.00%	0.75		0.75
01-5080-411-	CUSTODIAL SUPPLIES	3,500.00			3,500.00	2,840.46	2,840.46	81.16%	659.54		659.54
01-5080-578-	COURTHOUSE UTILITIES	25,000.00		8,285.00	33,285.00	33,284.25	33,284.25	100.00%	0.75		0.75
01-5080-586-	COURTHOUSE MAINTENANCE & REPAIR	20,000.00		12,674.00	32,674.00	32,673.72	32,673.72	100.00%	0.28		0.28
01-5080-715-	COURTHOUSE LAND PURCHASE										
01-5085-571-	ENRICHMENT CENTER RENEWAL & REPAIR	500.00			500.00				500.00		500.00
01-5086-331-	COMMONWEALTH ATTY LEASE	30,000.00			30,000.00	21,536.64	21,536.64	71.79%	8,463.36		8,463.36
01-5101-348-	JAIL PROGRAM SUPPORT	350,000.00		(350,000.00)							
01-5102-314-	JUVENILE, CONTRACT WITH OTHER COUNTIES	2,500.00		2,000.00	4,500.00	3,290.00	3,290.00	73.11%	1,210.00		1,210.00
01-5120-105-	FIRE DEPARTMENT ASSISTANT	45,000.00			45,000.00	33,477.55	33,477.55	74.39%	11,522.45		11,522.45
01-5120-107-	FIRE DEPARTMENT SUPERVISOR	32,000.00		395.00	32,395.00	32,394.84	32,394.84	100.00%	0.16		0.16
01-5120-113-	COB Hill ALL EXPENSES	500.00		2,000.00	2,500.00	2,319.73	2,319.73	92.79%	180.27		180.27
01-5120-114-	HARGETT ALL EXPENSES	5,000.00		5,000.00	10,000.00	10,075.52	10,075.52	100.76%	(75.52)		(75.52)
01-5120-121-	FIRE RUNS	500.00			500.00				500.00		500.00
01-5120-179-	PART TIME FIRE PERSONNEL			11,246.00	11,246.00	11,245.48	11,245.48	100.00%	0.52		0.52
01-5120-183-	FIREFIGHTER INCENTIVE PAY	6,000.00		3,000.00	9,000.00	7,999.92	7,999.92	88.89%	1,000.08		1,000.08

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ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
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Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
GENERAL FUND										
01-5120-186-	ANNUAL LONGEVITY PAY	500.00			500.00	475.00	475.00	95.00%	25.00	25.00
01-5120-348-	FIRE DEPARTMENT PROGRAM SUPPORT	5,000.00			5,000.00	3,235.11	3,235.11	64.70%	1,764.89	1,764.89
01-5120-406-	CLEARCREEK BUILDING & MAINTENANCE	500.00		4,000.00	4,500.00	1,943.43	1,943.43	43.19%	2,556.57	2,556.57
01-5120-418-	FIRE HAZARDOUS CLEAN UP-BERT	950.00			950.00	134.85	134.85	14.19%	815.15	815.15
01-5120-443-	FIRE DEPT. MOTOR VEHICLE PARTS	2,000.00			2,000.00	1,534.21	1,534.21	76.71%	465.79	465.79
01-5120-455-	FUEL	4,250.00			4,250.00	3,810.11	3,810.11	89.64%	431.89	431.89
01-5120-578-	FIRE DEPARTMENT UTILITIES	7,000.00			7,000.00	6,695.54	6,695.54	95.65%	304.46	304.46
01-5120-595-	FIRE DEPT. EDUCATION PROGRAM	200.00			200.00	39.95	39.95	19.98%	160.05	160.05
01-5130-455-	RESCUE DEPARTMENT FUEL MAINTANCE	1,000.00			1,000.00	843.78	843.78	84.38%	156.22	156.22
01-5135-107-	EMA DIRECTOR SALARY	24,500.00			24,500.00	24,200.28	24,200.28	98.78%	299.72	299.72
01-5135-186-	LONGEVITY PAY-EM	1,200.00			1,200.00	1,175.00	1,175.00	97.92%	25.00	25.00
01-5135-445-	EMA OFFICE EXPENSE	250.00			250.00				250.00	250.00
01-5135-573-	EMA TELEPHONE	250.00			250.00				250.00	250.00
01-5135-576-	EM TRAVEL EXPENSE	250.00			250.00				250.00	250.00
01-5135-592-	EMA VEHICLE MAINTENANCE	250.00			250.00				250.00	250.00
01-5145-159-	DISPATCHING SALARIES	105,000.00	8,676.46	59,248.00	172,924.46	172,924.19	172,924.19	100.00%	0.27	0.27
01-5145-179-	DISPATCHING SALARIES- PART TIME	50,000.00		19,485.00	69,485.00	69,484.77	69,484.77	100.00%	0.23	0.23
01-5145-186-	ANNUAL LONGEVITY PAY	800.00			800.00	775.00	775.00	96.88%	25.00	25.00
01-5145-445-	OFFICE EXPENSE	4,000.00			4,000.00	1,378.49	1,378.49	34.46%	2,621.51	2,621.51
01-5145-455-	DISPATCH FUEL	2,000.00		1,000.00	3,000.00	2,499.62	2,499.62	83.32%	500.38	500.38
01-5145-573-	DISPATCHING TELEPHONES	51,000.00			51,000.00	34,287.73	34,287.73	67.23%	16,712.27	16,712.27
01-5145-578-	DISPATCHING UTILITIES	5,000.00		10,000.00	15,000.00	13,342.20	13,342.20	88.95%	1,657.80	1,657.80
01-5145-586-	DISPATCHING MAINTENANCE	500.00		1,000.00	1,500.00	969.40	969.40	64.63%	530.60	530.60
01-5145-599-	DISPATCHING MISCELLANEOUS	1,000.00		1,000.00	2,000.00	1,460.42	1,460.42	73.02%	539.58	539.58
01-5145-741-	CAPITAL OUTLAY	10,000.00			10,000.00				10,000.00	10,000.00
01-5145-999-	DISPATCH RESERVE	2,500.00			2,500.00				2,500.00	2,500.00
01-5150-513-	FOREST FIRE PROTECTION	2,400.00			2,400.00	2,362.00	2,362.00	98.42%	38.00	38.00
01-5170-348-	ROCKET DOCKET PROGRAM SUPPORT	25,000.00		(25,000.00)						
01-5175-903-	PUBLIC DEFENSE MANDATE	1,800.00		34.00	1,834.00	1,834.00	1,834.00	100.00%		
01-5205-102-	ANIMAL SHELTER WARDEN SALARY	28,500.00		3,558.00	32,058.00	32,057.79	32,057.79	100.00%	0.21	0.21
01-5205-171-	ANIMAL SHELTER ASSISTANT	10,000.00			10,000.00	9,002.59	9,002.59	90.03%	997.41	997.41

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**ESTILL COUNTY
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Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
Fiscal Year: 2016-2017 Fund Type: Governmental										
From: July 1, 2016 To: June 30, 2017										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
GENERAL FUND										
01-5205-399-	CONTRACT DOG CONTROL	1,500.00			1,500.00	1,202.78	1,202.78	80.19%	297.22	297.22
01-5205-402-	KENNEL SUPPLIES	5,000.00		13,000.00	18,000.00	15,184.32	15,184.32	84.36%	2,815.68	2,815.68
01-5205-445-	ANIMAL SHELTER OFFICE SUPPLIES	500.00		1,000.00	1,500.00	689.34	689.34	45.96%	810.66	810.66
01-5205-446-	ANIMAL SHELTER FUND RAISER EXPENSE	500.00		500.00	1,000.00	885.43	885.43	88.54%	114.57	114.57
01-5205-578-	ANIMAL SHELTER UTILITIES	5,000.00		1,416.00	6,416.00	6,415.85	6,415.85	100.00%	0.15	0.15
01-5205-592-	DOG TRUCK	1,000.00		1,500.00	2,500.00	2,059.83	2,059.83	82.39%	440.17	440.17
01-5212-179-	SOLID WASTE PART TIME			3,300.00	3,300.00	1,421.50	1,421.50	43.08%	1,878.50	1,878.50
01-5215-107-	SOLID WASTE DIRECTOR	13,500.00		1,406.00	14,906.00	15,422.96	15,422.96	103.47%	(516.96)	(516.96)
01-5215-186-	SOLID WASTE DIRECTOR LONGEVITY PAY	400.00			400.00	375.00	375.00	93.75%	25.00	25.00
01-5215-366-	SOLID WASTE COLLECTION	500.00			500.00				500.00	500.00
01-5217-468-	LANDFILL & RECYCLING SUPPLIES	3,500.00		17,083.00	20,583.00	20,582.73	20,582.73	100.00%	0.27	0.27
01-5305-106-	SENIOR CITIZEN PERSONNEL	120,000.00			120,000.00	115,245.08	115,245.08	96.04%	4,754.92	4,754.92
01-5305-186-	ANNUAL LONGEVITY PAY	500.00			500.00	500.00	500.00	100.00%		
01-5305-209-	SENIOR CITIZENS WORKER'S COMP	4,000.00			4,000.00				4,000.00	4,000.00
01-5305-316-	SENIOR CITIZENS ADMINISTRATIVE CONTRACTS	1,000.00			1,000.00				1,000.00	1,000.00
01-5305-334-	SENIOR CITIZENS MAINTENANCE	2,000.00			2,000.00	1,285.20	1,285.20	64.26%	714.80	714.80
01-5305-399-	SENIOR CITIZENS CONTRACT SERVICES- KATHY	7,500.00			7,500.00	7,200.00	7,200.00	96.00%	300.00	300.00
01-5305-425-	SENIOR CITIZENS FOOD	12,500.00			12,500.00	5,479.49	5,479.49	43.84%	7,020.51	7,020.51
01-5305-445-	SENIOR CITIZEN OFFICE SUPPLIES	1,500.00		1,500.00	3,000.00	2,885.56	2,885.56	96.19%	114.44	114.44
01-5305-446-	SENIOR CITIZENS MISC PURCHASES	1,000.00		2,100.00	3,100.00	2,892.15	2,892.15	93.30%	207.85	207.85
01-5305-525-	SENIOR CITIZENS BUILDINGS CONTENTS INSUR	3,000.00			3,000.00				3,000.00	3,000.00
01-5305-531-	SENIOR CITIZENS BOND INSURANCES	100.00			100.00				100.00	100.00
01-5305-535-	SENIOR CITIZEN VEHICLE INSURANCE	1,500.00			1,500.00				1,500.00	1,500.00
01-5305-569-	SENIOR CITIZEN TRAINING	200.00			200.00				200.00	200.00
01-5305-576-	SENIOR CITIZEN TRAVEL	3,500.00		567.00	4,067.00	4,066.26	4,066.26	99.98%	0.74	0.74
01-5305-578-	SENIOR CITIZEN UTILITIES	5,000.00		3,000.00	8,000.00	6,753.50	6,753.50	84.42%	1,246.50	1,246.50
01-5305-592-	SENIOR CITIZEN VEHICLE MAINTENANCE	500.00		2,000.00	2,500.00	1,974.69	1,974.69	78.99%	525.31	525.31
01-5305-725-	SENIOR CITIZEN EQUIPMENT	500.00			500.00				500.00	500.00
01-5401-467-	PARK EXPENDITURES SUPPLIES	100,000.00			100,000.00	231.99	231.99	0.23%	99,768.01	99,768.01
01-5401-718-	KY RIVER AUTHORITY LOCK 12 PARK			11,580.00	11,580.00	11,580.00	11,580.00	100.00%		
01-5405-331-	MULTI CO REC LEASE AGREEMENT-HOLLERWOOD	20,000.00			20,000.00	18,500.00	18,500.00	92.50%	1,500.00	1,500.00

ESTILL COUNTY
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Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
GENERAL FUND										
01-7700-602-	KACO LEASE REPAYMENT (PRINCIPAL)	88,093.00		52,000.00	140,093.00	142,773.78	142,773.78	101.91%	(2,680.78)	(2,680.78)
01-7700-606-	KACO LEASE REPAYMENT (INTEREST)	6,500.00		3,000.00	9,500.00	8,514.95	8,514.95	89.63%	985.05	985.05
01-8000-715-	LAND PURCHASES									
01-9100-302-	ADVERTISING	3,500.00		1,000.00	4,500.00	4,482.70	4,482.70	99.62%	17.30	17.30
01-9100-307-	AUDITS	15,000.00		45,000.00	60,000.00	56,513.11	56,513.11	94.19%	3,486.89	3,486.89
01-9100-382-	ADMIN. DRUG TEST	400.00			400.00	236.25	236.25	59.06%	163.75	163.75
01-9100-503-	ADMINISTRATIVE	500.00			500.00	119.24	119.24	23.85%	380.76	380.76
01-9100-521-	LIFE INSURANCE	750.00		1,500.00	2,250.00	1,834.25	1,834.25	81.52%	415.75	415.75
01-9100-525-	INSURANCE, BUILDINGS AND CONTENTS	35,000.00		73,649.00	108,649.00	108,550.55	108,550.55	99.91%	98.45	98.45
01-9100-531-	INSURANCE BONDS	2,500.00		1,400.00	3,900.00	3,575.21	3,575.21	91.67%	324.79	324.79
01-9100-551-	ASSOCIATION DUES	3,000.00		500.00	3,500.00	3,283.85	3,283.85	93.82%	216.15	216.15
01-9100-569-	REGISTRATION, CONFERENCES & TRAINING	100.00			100.00				100.00	100.00
01-9100-573-	TELEPHONE	20,000.00		20,000.00	40,000.00	36,952.75	36,952.75	92.38%	3,047.25	3,047.25
01-9100-578-	UTILITIES	20,000.00		8,820.00	28,820.00	28,819.72	28,819.72	100.00%	0.28	0.28
01-9100-599-	MISC EXPENSE	1,000.00		11,500.00	12,500.00	12,333.08	12,333.08	98.66%	166.92	166.92
01-9200-999-	RESERVE FOR TRANSFERS	313,507.00	584,767.52	(687,821.00)	210,453.52				210,453.52	210,453.52
01-9300-999-	TRANSFER TO OTHER ACCOUNTS									
01-9400-201-	SOCIAL SECURITY, CO. MATCH	68,000.00		9,119.00	77,119.00	77,118.45	77,118.45	100.00%	0.55	0.55
01-9400-202-	RETIREMENT, CO. MATCH	175,000.00			175,000.00	170,068.05	170,068.05	97.18%	4,931.95	4,931.95
01-9400-205-	EMPLOYEE HEALTH INSURANCE	100,000.00		17,525.00	117,525.00	117,524.66	117,524.66	100.00%	0.34	0.34
01-9400-208-	UNEMPLOYMENT COMPENSATION INSURANCE	17,500.00			17,500.00	13,989.40	13,989.40	79.94%	3,510.60	3,510.60
01-9400-209-	WORKMEN'S COMPENSATION	70,000.00		76,000.00	146,000.00	145,955.08	145,955.08	99.97%	44.92	44.92
Fund Totals		2,761,030.00	593,443.98	(501,800.00)	2,852,673.98	2,356,527.41	2,356,527.41	82.61%	496,146.57	496,146.57

ESTILL COUNTY
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Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
Road Fund										
02-6103-102-	ROAD SUPERVISOR SALARY	39,000.00		21,489.00	60,489.00	60,488.32	60,488.32	100.00%	0.68	0.68
02-6103-186-	ANNUAL LONGEVITY PAY	600.00			600.00	600.00	600.00	100.00%		
02-6105-143-	ROAD WORKERS SALARIES	355,000.00			355,000.00	337,472.44	337,472.44	95.06%	17,527.56	17,527.56
02-6105-186-	ROAD LABOR LONGEVITY PAY									
02-6105-382-	DRUG SCREEN	100.00		500.00	600.00	329.00	329.00	54.83%	271.00	271.00
02-6105-405-	ASPHALT	500,000.00			500,000.00	253,843.93	253,843.93	50.77%	246,156.07	246,156.07
02-6105-409-	GRAVEL	120,000.00			120,000.00	101,736.34	101,736.34	84.78%	18,263.66	18,263.66
02-6105-441-	CULVERTS	13,000.00		10,000.00	23,000.00	18,981.50	18,981.50	82.53%	4,018.50	4,018.50
02-6105-443-	MOTOR VEHICLE PARTS	40,000.00			40,000.00	16,630.93	16,630.93	41.58%	23,369.07	23,369.07
02-6105-445-	OFFICE SUPPLIES	500.00		10,000.00	10,500.00	10,168.19	10,168.19	96.84%	331.81	331.81
02-6105-447-	ROAD MATERIALS	120,000.00		70,000.00	190,000.00	181,155.41	181,155.41	95.34%	8,844.59	8,844.59
02-6105-455-	GAS & DIESEL	60,000.00			60,000.00	49,513.95	49,513.95	82.52%	10,486.05	10,486.05
02-6105-469-	SIGNS	7,500.00			7,500.00	3,289.28	3,289.28	43.86%	4,210.72	4,210.72
02-6105-471-	SALT	30,000.00			30,000.00	14,153.14	14,153.14	47.18%	15,846.86	15,846.86
02-6105-479-	TIRES AND TUBES	8,500.00			8,500.00	7,552.03	7,552.03	88.85%	947.97	947.97
02-6105-481-	UNIFORMS	6,500.00		646.00	7,146.00	7,145.83	7,145.83	100.00%	0.17	0.17
02-6105-549-	MEDICAL EXPENSE	1,000.00			1,000.00	351.00	351.00	35.10%	649.00	649.00
02-6105-588-	MAINTENANCE & REPAIR - EQUIPMENT & VEH.	15,000.00			15,000.00	9,073.98	9,073.98	60.49%	5,926.02	5,926.02
02-6105-599-	ROAD MISCELLANEOUS	1,000.00		15,000.00	16,000.00	8,215.29	8,215.29	51.35%	7,784.71	7,784.71
02-6105-721-	2014 INTERNATIONAL 7500 PURCHASE	25,000.00			25,000.00	21,074.33	21,074.33	84.30%	3,925.67	3,925.67
02-6105-739-	ROAD SUPPLIES	65,000.00			65,000.00	45,629.94	45,629.94	70.20%	19,370.06	19,370.06
02-7100-601-	BOND PAYMENT (PRINCIPAL)	25,000.00			25,000.00	1,465.09	1,465.09	5.86%	23,534.91	23,534.91
02-7100-605-	BOND PAYMENT (INTEREST)	500.00			500.00				500.00	500.00
02-7700-602-	LEASE PAYMENT	30,000.00		40,000.00	70,000.00	59,532.20	59,532.20	85.05%	10,467.80	10,467.80
02-7700-606-	LEASE PAYMENT INTEREST	1,000.00		4,000.00	5,000.00	1,914.68	1,914.68	38.29%	3,085.32	3,085.32
02-8000-312-	CAPITAL PROJECTS	50,000.00			50,000.00				50,000.00	50,000.00
02-8003-312-	CONTRACTED BRIDGES	75,000.00			75,000.00				75,000.00	75,000.00
02-9100-503-	BANK CHARGES	50.00			50.00				50.00	50.00
02-9100-521-	INSURANCE	8,000.00			8,000.00	1,087.50	1,087.50	13.59%	6,912.50	6,912.50
02-9100-529-	INSURANCE, LIABILITY	40,000.00			40,000.00	34,395.50	34,395.50	85.99%	5,604.50	5,604.50
02-9100-573-	TELEPHONE	6,000.00			6,000.00	5,368.19	5,368.19	89.47%	631.81	631.81

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(Continued)

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
Road Fund										
02-9100-578-	GARAGE UTILITIES	7,500.00			7,500.00	7,491.17	7,491.17	99.88%	8.83	8.83
02-9200-999-	RESERVE FOR TRANSFERS	147,576.00	44,625.91	(175,160.00)	17,041.91				17,041.91	17,041.91
02-9400-201-	SOCIAL SECURITY COUNTY MATCH	30,000.00			30,000.00	28,959.59	28,959.59	96.53%	1,040.41	1,040.41
02-9400-202-	RETIREMENT, COUNTY MATCH	72,000.00			72,000.00	67,654.85	67,654.85	93.97%	4,345.15	4,345.15
02-9400-205-	EMPLOYEE HEALTH INSURANCE	57,000.00		2,225.00	59,225.00	59,224.09	59,224.09	100.00%	0.91	0.91
02-9400-208-	UNEMPLOYMENT	4,000.00		1,100.00	5,100.00	5,052.41	5,052.41	99.07%	47.59	47.59
02-9400-209-	WORKERS' COMPENSATION	25,000.00			25,000.00	24,218.56	24,218.56	96.87%	781.44	781.44
02-9500-902-	PAYMENT TO SCHOOL BOARD	8,400.00			8,400.00				8,400.00	8,400.00
Fund Totals		1,994,726.00	44,625.91	(200.00)	2,039,151.91	1,443,768.66	1,443,768.66	70.80%	595,383.25	595,383.25

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
Jail Fund										
03-5101-101-	JAILERS SALARY	66,000.00			66,000.00	65,232.18	65,232.18	98.84%	767.82	767.82
03-5101-103-	DEPUTIES/MATRONS SALARIES	66,000.00		148,001.00	214,001.00	214,000.48	214,000.48	100.00%	0.52	0.52
03-5101-179-	PART-TIME DEPUTIES SALARIES	12,000.00		35,484.00	47,484.00	47,483.53	47,483.53	100.00%	0.47	0.47
03-5101-186-	DEP JAILER LONGEVITY PAY	600.00		375.00	975.00	975.00	975.00	100.00%		
03-5101-212-	JAILER TRAINING FRINGE BENEFITS	3,950.00		20.00	3,970.00	3,968.60	3,968.60	99.96%	1.40	1.40
03-5101-314-	CONTRACTS WITH OTHER COUNTIES	328,000.00		(21,149.00)	306,851.00	306,850.88	306,850.00	100.00%	0.12	0.12
03-5101-333-	MAINTENANCE			1,500.00	1,500.00	1,499.27	1,499.27	99.95%	0.73	0.73
03-5101-343-	CONTRACTUAL MEDICAL SERVICES	2,500.00			2,500.00	350.00	350.00	14.00%	2,150.00	2,150.00
03-5101-399-	MISCELLANEOUS CONTRACTUAL SERVICES	3,000.00		16,313.00	19,313.00	19,312.65	19,312.65	100.00%	0.35	0.35
03-5101-406-	BUILDING MAINTENANCE SUPPLIES			900.00	900.00	877.79	877.79	97.53%	22.21	22.21
03-5101-411-	CLEARING SUPPLIES & MATERIALS			1,200.00	1,200.00	1,193.23	1,193.23	99.44%	6.77	6.77
03-5101-423-	FOOD PREP. & SERVING SUPPLIES	1,000.00		59,000.00	60,000.00	59,388.22	59,388.22	98.98%	611.78	611.78
03-5101-429-	GAS	3,500.00			3,500.00	1,439.88	1,439.88	41.14%	2,060.12	2,060.12
03-5101-437-	LIRENS			3,000.00	3,000.00	2,927.95	2,927.95	97.60%	72.05	72.05
03-5101-445-	OFFICE SUPPLIES	100.00		7,033.00	7,133.00	7,132.52	7,132.52	99.99%	0.48	0.48
03-5101-512-	ELECTRICAL AND PLUMBING REPAIRS			7,309.00	7,309.00	7,308.89	7,308.89	100.00%	0.11	0.11
03-5101-549-	ROUTINE MEDICAL	10,000.00			10,000.00	8,627.39	8,627.39	86.27%	1,372.61	1,372.61
03-5101-573-	TELEPHONE	100.00			100.00				100.00	100.00
03-5101-576-	STAFF TRAVEL EXPENSE			600.00	600.00	548.00	548.00	91.33%	52.00	52.00
03-5101-578-	UTILITIES			36,035.00	36,035.00	36,034.68	36,034.68	100.00%	0.32	0.32
03-5101-709-	FURNITURE & FIXTURES									
03-5101-723-	TRANSPORT VEHICLE--GAS/REPAIR	3,000.00		11,000.00	14,000.00	6,831.77	6,831.77	48.80%	7,168.23	7,168.23
03-7200-601-	PRINCIPAL ON BONDS									
03-7200-605-	INTEREST ON BONDS									
03-9100-503-	ADMINISTRATION ON BANK FEES			100.00	100.00	52.95	52.95	52.95%	47.05	47.05
03-9100-521-	JAIL LIFE INSURANCE	250.00		600.00	850.00	773.22	773.22	90.97%	76.78	76.78
03-9100-525-	INSURANCE, BUILDINGS								24,700.00	24,700.00
03-9100-529-	INSURANCE, LIABILITY	5,000.00		19,700.00	24,700.00				2,000.00	2,000.00
03-9100-535-	INSURANCE, VEHICLES	2,000.00			2,000.00					
03-9100-551-	ASSOCIATION DUES	250.00			250.00	250.00	250.00	100.00%		
03-9100-569-	STAFF TRAINING			225.00	225.00	225.00	225.00	100.00%		

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
Local Government Economic Assistance Fund										
04-5075-548-	ECONOMIC DEVELOPMENT/TOURISM	10,000.00		118.00	10,118.00	10,117.68	10,117.68	100.00%	0.32	0.32
04-5102-314-	JUVENILE SUPPORT	500.00			500.00				500.00	500.00
04-5120-121-	FIRE RUNS	1,000.00			1,000.00				1,000.00	1,000.00
04-5120-445-	FIRE DEPARTMENT MATERIALS	3,500.00		(2,100.00)	1,400.00				1,400.00	1,400.00
04-5120-578-	FIRE UTILITIES	2,000.00			2,000.00				2,000.00	2,000.00
04-5160-902-	DRUG ENFORCEMENT/EDUCATION, COUNTY SHARE	1,000.00			1,000.00				1,000.00	1,000.00
04-5175-903-	PUBLIC ADVOCACY	2,500.00		5,146.00	7,646.00	7,645.76	7,645.76	100.00%	0.24	0.24
04-5205-385-	VET SERVICES	1,000.00			1,000.00				1,000.00	1,000.00
04-5305-578-	SENIOR CITIZEN BLDG. UTILITIES	1,000.00			1,000.00				1,000.00	1,000.00
04-5315-507-	SERVICE CHILD YOUTH CONTRIBUTION	1,000.00			1,000.00				1,000.00	1,000.00
04-5401-467-	RECREATION PARK EQUIPMENT AND SUPPLIES	3,000.00			3,000.00	992.73	992.73	33.09%	2,007.27	2,007.27
04-5405-507-	RECREATION, CULTURE, VETERANS	1,500.00			1,500.00				1,500.00	1,500.00
04-5420-467-	TOURISM	5,000.00			5,000.00				5,000.00	5,000.00
04-6105-409-	GRAVEL	2,500.00			2,500.00				2,500.00	2,500.00
04-6105-431-	ROAD, CONSTRUCTION MATERIALS	2,000.00			2,000.00				2,000.00	2,000.00
04-6105-578-	ROAD UTILITIES	1,000.00			1,000.00				1,000.00	1,000.00
04-9100-599-	MISC EXPENSE-REIMB	1,000.00		1,000.00	2,000.00	1,400.29	1,400.29	70.01%	599.71	599.71
04-9200-999-	RESERVE FOR TRANSFERS	500.00	24,110.69	(4,164.00)	20,446.69				20,446.69	20,446.69
04-9400-209-	WORKERS COMPENSATION	500.00			500.00				500.00	500.00
Fund Totals		40,500.00	24,110.69		64,610.69	20,156.46	20,156.46	31.30%	44,454.23	44,454.23

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report											
ESTILL COUNTY FISCAL COURT											
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>											
<i>From: July 1, 2016 To: June 30, 2017</i>											
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Encumbered	Unencumbered Free Balance
State Grants Fund											
06-5025-320-	DELL 2012 SERVER		5,500.00		5,500.00	5,500.00	5,500.00	100.00%			
06-5080-334-	PUBLIC RESTROOM COURTHOUSE RENOVATION		17,000.00		17,000.00	15,639.79	15,639.79	92.00%	1,360.21		1,360.21
06-5085-447-	TRUCK LIFT & ACCESORIES ROAD DEPT		7,500.00		7,500.00	4,424.00	4,424.00	58.99%	3,076.00		3,076.00
06-5140-348-	AMBULANCE SERVICE SUPPORT	11,000.00			11,000.00	10,000.00	10,000.00	90.91%	1,000.00		1,000.00
06-5200-348-	WASTE TIRE DISPOSAL REMOVAL	4,000.00			4,000.00				4,000.00		4,000.00
06-5205-402-	DOG CONTROL KENNEL SUPPLY	1,000.00		170.00	1,170.00	1,170.00	1,170.00	100.00%			
06-5212-348-	HB 174 Litter Abatement State Funds	24,000.00			24,000.00	14,137.45	14,137.45	58.91%	9,862.55		9,862.55
06-5215-366-	SOLID WASTE	3,000.00		10,000.00	13,000.00	11,146.87	11,146.87	85.75%	1,853.13		1,853.13
06-5217-468-	RECYCLING EQUIPMENT / 216 RECYCLING CARTS	5,000.00	11,000.00		16,000.00	10,944.00	10,944.00	68.40%	5,056.00		5,056.00
06-5401-718-	PARK EXPENDITURES	100,000.00		(10,000.00)	90,000.00				90,000.00		90,000.00
06-8099-548-	ADF	28,000.00			28,000.00				28,000.00		28,000.00
06-9200-999-	RESERVE FOR TRANSFER	5,500.00	49,625.66	(170.00)	54,955.66				54,955.66		54,955.66
Fund Totals		181,500.00	90,625.66		272,125.66	72,962.11	72,962.11	26.81%	199,163.55		199,163.55

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report											
ESTILL COUNTY FISCAL COURT											
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>											
<i>From: July 1, 2016 To: June 30, 2017</i>											
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Encumbered	Unencumbered Free Balance
Emergency Services Communication Fund											
08-5100-364-	EH COMMUNICATION TOWER RENTALS	10,000.00			10,000.00				10,000.00		10,000.00
08-5100-578-	EH TOWER UTILITIES	18,000.00			18,000.00				18,000.00		18,000.00
08-5100-585-	EH TOWER MAINTENANCE	7,000.00			7,000.00				7,000.00		7,000.00
08-9100-529-	LIABILITY INSURANCE	3,500.00			3,500.00				3,500.00		3,500.00
08-9200-999-	RESERVE FOR TRANSFER	6,550.00	39,895.46		46,445.46				46,445.46		46,445.46
Fund Totals		45,050.00	39,895.46		84,945.46				84,945.46		84,945.46

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Appropriation Condition Report											
ESTILL COUNTY FISCAL COURT											
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>											
<i>From: July 1, 2016 To: June 30, 2017</i>											
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Encumbered	Unencumbered Free Balance
HB 502 WASTE WATER FUND											
10-8009-580-	CAPITAL PROJECT SEWER										
Fund Totals											

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
County Search and Rescue Fund										
16-5130-348-	COUNTY SEARCH AND RESCUE SERVICES	500.00			500.00				500.00	500.00
16-9200-999-	RESERVE FOR TRANSFER	500.00			500.00				500.00	500.00
Fund Totals		1,000.00			1,000.00				1,000.00	1,000.00

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report ESTILL COUNTY FISCAL COURT Fiscal Year: 2016-2017 Fund Type: Governmental From: July 1, 2016 To: June 30, 2017										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
CSEPP FUND										
75-5135-106-	STAFF SALARY 000194	350,000.00			350,000.00	222,191.38	222,191.38	63.48%	127,808.62	127,808.62
75-5135-159-	CSEPP DISPATCH OPERATORS	156,000.00			156,000.00	21,972.81	21,972.81	14.09%	134,027.19	134,027.19
75-5135-159-DIS	DISPATCH PAYOLL REIMBURSEMENT									
75-5135-302-	PUBLIC INFO PROGRAM 000012	10,000.00		37,780.00	47,780.00	47,779.71	47,779.71	100.00%	0.29	0.29
75-5135-336-	RADIO REPLACEMENT 00013	50,000.00			50,000.00	3,042.00	3,042.00	6.08%	46,958.00	46,958.00
75-5135-339-	MAINTENANCE AND REPAIR	61,620.00			61,620.00	6,942.46	6,942.46	16.14%	54,677.54	51,677.54
75-5135-398-	MAINT -TONE ALERT RADIO			50.00	50.00	50.00	50.00	100.00%		
75-5135-399-	SIREN IRZ 548			1,400.00	1,400.00	1,363.00	1,363.00	97.36%	37.00	37.00
75-5135-413-	PROTECTIVE ACTION	20,000.00		46,443.00	66,443.00	68,669.27	68,669.27	103.35%	(2,226.27)	(2,226.27)
75-5135-420-	DES OFFICE SUPPLY 00009			3,707.00	3,707.00	3,706.89	3,706.89	100.00%	0.11	0.11
75-5135-441-	ADP /HARDWARE	30,000.00			30,000.00	574.31	574.31	1.91%	29,425.69	29,425.69
75-5135-445-	EOC OFFICE COST	85,000.00			85,000.00	41,284.20	41,284.20	48.57%	43,715.80	43,715.80
75-5135-446-	REMOTE COMM DUAL SITES/SHELTER CTR.	10,000.00			10,000.00	6,390.99	6,390.99	63.91%	3,609.01	3,609.01
75-5135-521-	INS./MAINT FOR PROTECTIVE ACTION 000449	43,445.00			43,445.00	14,323.50	14,323.50	32.97%	29,121.50	29,121.50
75-5135-548-	REMOTE COMM REPLACEMENT 00455	171,663.00			171,663.00	137,488.38	137,488.38	80.09%	34,174.62	34,174.62
75-5135-565-	PRINTING P & I	3,000.00			3,000.00				3,000.00	3,000.00
75-5135-571-	MAINTENANCE FOR GENRATORS 00448	23,715.00			23,715.00	2,515.38	2,515.38	10.61%	21,199.62	21,199.62
75-5135-573-	ANNUAL COST FOR EOC/DATA LINES 00016	15,000.00			15,000.00	151.07	151.07	1.01%	14,848.93	14,848.93
75-5135-574-	CSEPP EXERCISE SUPPLY 0000010	3,000.00		700.00	3,700.00	3,671.23	3,671.23	99.22%	28.77	28.77
75-5135-576-	CSEPP COORDINATOR & STAFF TRAVEL 00060	20,000.00			20,000.00	11,620.20	11,620.20	58.10%	8,379.80	8,379.80
75-5135-588-	SIREN MAINTENANCE & REPLACEMENT 0015	18,000.00			18,000.00				18,000.00	18,000.00
75-5135-591-	MAINTENANCE FOR SYSTEM ALERT NOTIFICATIO	484,955.00		(80,630.00)	404,325.00	7,074.00	7,074.00	1.75%	397,251.00	397,251.00
75-5135-703-	COMMUNICATION MAINTENANCE	12,000.00			12,000.00				12,000.00	12,000.00
75-9100-521-	LIFE INS	2,828.00			2,828.00	362.50	362.50	12.82%	2,465.50	2,465.50
75-9200-999-	CSEPP RESERVE FOR TRANSFER	11,231.00		(9,450.00)	1,781.00				1,781.00	1,781.00
75-9400-201-	CSEPP SOCIAL SECURITY 00194	31,932.00			31,932.00	15,933.26	15,933.26	49.90%	15,998.74	15,998.74
75-9400-202-	EOC RETIREMENT 00194	52,837.00			52,837.00	40,134.83	40,134.83	75.96%	12,702.17	12,702.17
75-9400-205-	CSEPP HEALTH BENEFITS 00194	56,092.00			56,092.00	37,354.04	37,354.04	66.59%	18,737.96	18,737.96
75-9400-209-	EOC WORKMAN'S COMP 00194	26,258.00			26,258.00				26,258.00	26,258.00
Fund Totals		1,748,576.00			1,748,576.00	697,595.41	697,595.41	39.90%	1,050,980.59	1,050,980.59

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
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Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
CMRS-Special Fund										
76-5145-159-	CMRS RADIO OPERATIONS	114,630.00			114,630.00	30,063.40	30,063.40	26.23%	84,566.60	84,566.60
76-9100-503-	BANK FEES	50.00			50.00				50.00	50.00
76-9100-529-	LIABILITY INSURANCE	4,000.00			4,000.00				4,000.00	4,000.00
76-9200-999-	CMRS RESERVE FOR TRANSFER	18,820.00			18,820.00				18,820.00	18,820.00
76-9400-209-	WORKMANS COMP 26%	35,000.00			35,000.00				35,000.00	35,000.00
<i>Fund Totals</i>		172,500.00			172,500.00	30,063.40	30,063.40	17.43%	142,436.60	142,436.60

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
HOMELAND SECURITY GRANT										
77-5136-348-	HOMELAND SECURITY GRANT	1,000.00			1,000.00				1,000.00	1,000.00
	Fund Totals	1,000.00			1,000.00				1,000.00	1,000.00

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Appropriation Condition Report											
ESTILL COUNTY FISCAL COURT											
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>											
<i>From: July 1, 2016 To: June 30, 2017</i>											
ACCOUNT	NAME	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Encumbered	Unencumbered Free Balance
County Planning & Preparedness Program											
78-5135-348-	PLANNING AND PREPAREDNESS EXPENSES	2,500.00			2,500.00				2,500.00		2,500.00
Fund Totals		2,500.00			2,500.00				2,500.00		2,500.00

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
County Emergency Management Agency										
80-5135-348-	EMERGENCY HGHT EXPENSES	15,000.00			15,000.00	13,560.33	13,560.33	90.40%	1,439.67	1,439.67
Fund Totals		15,000.00			15,000.00	13,560.33	13,560.33	90.40%	1,439.67	1,439.67

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Appropriation Condition Report										
ESTILL COUNTY FISCAL COURT										
<i>Fiscal Year: 2016-2017 Fund Type: Governmental</i>										
<i>From: July 1, 2016 To: June 30, 2017</i>										
Account	Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims for Period	Claims Since July	% Used	Available Free Balance	Unencumbered Free Balance
CITIZENS EMERGENCY RESPONSE FUNDS										
88-5135-446-	CERT FUNCTION EXPENSES	5,000.00			5,000.00				5,000.00	5,000.00
	Fund Totals	5,000.00			5,000.00				5,000.00	5,000.00
Grand Total All Funds		7,501,032.00	802,141.83	(2,000.00)	8,301,173.83	5,558,906.38	5,558,906.38	66.97%	2,742,267.45	2,742,267.45

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Liabilities Register - Detail										
ESTILL COUNTY FISCAL COURT										
Issued From: 01/01/2005 To: 06/30/2017										
All Open Issues										
Issue	Date	Issue Description	Term Closed	Rate Period	Principal Acct Interest Acct	Principal Amt. Principal Bal.	Interest Amt. Interest Bal.	Issue Total Net Outstanding	Reserve	Due This FY
15555	05/09/16	CITIZENS GUARANTY - 2011 FORD 250 -2012 FC	2.00	3.85% M	01-7700-602- 01-7700-606-	42,709.00 20,012.32	1,800.68 387.95	44,509.68 20,400.27		
73290	08/11/12	CGB REVOLVING SHORT TERM	3.00	6.25% Y	01-7700-602- 01-7700-606-	87,529.19 57,679.16	 767.37	87,529.19 58,446.53		
24778	04/19/17	LOAN ENCUMBRANCE AGREEMENT - CGB	4.00	3.85% M	01-7700-602- 01-7700-602-	400,620.00 393,488.63	32,961.12 31,059.55	433,581.12 424,548.18		
28908	06/28/17	2017 TRANSPORT FORD VAN BUSINESS LOAN	4.00	4.25% M	03-7200-601- 03-7200-605-	31,399.50 31,399.50	2,858.58 2,858.58	34,258.08 34,258.08		
001002	12/20/13	GE FINANCIAL -2014 INTERNATIONAL	5.00	A	02-7700-602- 02-7700-606-	97,933.00 20,312.60	7,438.65 761.73	105,371.65 21,074.33		
12253093	09/26/16	HEADE EQUIPMENT JOHN DEERE - 310L LOADER	5.00	2.90% M	02-7700-602- 02-7100-605-	60,050.00 51,584.15	4,530.00 3,736.22	64,580.00 55,320.37		
178958	03/14/16	JOHN DEERE 3105L BACKHOE	5.00	3.90% M	02-7100-601- 02-7100-605-	79,045.83 61,954.11	8,091.57 6,083.99	87,137.40 68,038.10		
Total Long-Term Liabilities						799,286.52 636,430.47	57,680.60 45,655.39	856,967.12 682,085.86		
Grand Total all Liabilities						799,286.52 636,430.47	57,680.60 45,655.39	856,967.12 682,085.86		

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Liabilities Register - Summary

ESTILL COUNTY FISCAL COURT
Issued From: 01/01/2005 To: 06/30/2017
All Open Issues

Issue	15555	Issue	73290	Issue	24778
Date	5/9/2016	Date	8/11/2012	Date	4/19/2017
Prin. Acct	01-7700-602-	Prin. Acct	01-7700-602-	Prin. Acct	01-7700-602-
Int. Acct	01-7700-606-	Int. Acct	01-7700-606-	Int. Acct	01-7700-602-
Description	CITIZENS GUARANTY - 2011 FORD 250 -2012 FORD 250	Description	CGB REVOLVING SHORT TERM	Description	LOAN ENCUMBRANCE AGREEMENT - CGB
Term	2 (Long-Term)	Term	3 (Long-Term)	Term	4 (Long-Term)
Pay Freq.	M	Pay Freq.	Y	Pay Freq.	M
Int. Rate	3.85%	Int. Rate	6.25%	Int. Rate	3.85%
Principal	42,709.00	Principal	87,529.19	Principal	400,620.00
Interest	1,800.68	Interest		Interest	32,961.12
Total Amt.	44,509.68	Total Amt.	87,529.19	Total Amt.	433,581.12
Prin. Bal.	20,012.32	Prin. Bal.	57,679.16	Prin. Bal.	393,488.63
Int. Bal.	387.95	Int. Bal.	767.37	Int. Bal.	31,059.55
Reserve		Reserve		Reserve	
Outstanding	20,400.27	Outstanding	58,446.53	Outstanding	424,548.18
Next Pmt.	7/23/2017	Next Pmt.	8/11/2017	Next Pmt.	7/3/2017
Final Pmt.	5/23/2018	Final Pmt.	8/11/2018	Final Pmt.	6/3/2017
Total Due FY		Total Due FY		Total Due FY	
Notes		Notes		Notes	RESOLUTION 17-05 COURT AGREEMENT TO BORROW REVUNUE AND PAY OUTSTANDING ENCUMBRANCES. INTENT TO

**ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)**

Liabilities Register - Summary

ESTILL COUNTY FISCAL COURT
Issued From: 01/01/2005 To: 06/30/2017
All Open Issues

Issue	28908	Issue	001002	Issue	12253093
Date	6/28/2017	Date	12/20/2013	Date	9/26/2016
Prin. Acct	03-7200-601-	Prin. Acct	02-7700-602-	Prin. Acct	02-7700-602-
Int. Acct	03-7200-605-	Int. Acct	02-7700-606-	Int. Acct	02-7100-605-
Description	2017 TRANSPORT FORD VAN BUSINESS LOAN	Description	GE FINANCIAL -2014 INTERNATIONAL	Description	MEADE EQUIPMENT JOHN DEERE - 310L LOADER BACKHOE
Term	4 (Long-Term)	Term	5 (Long-Term)	Term	5 (Long-Term)
Pay Freq.	M	Pay Freq.	A	Pay Freq.	M
Int. Rate	4.25%	Int. Rate		Int. Rate	2.90%
Principal	31,399.50	Principal	97,933.00	Principal	60,050.00
Interest	2,858.58	Interest	7,438.65	Interest	4,530.00
Total Amt.	34,258.08	Total Amt.	105,371.65	Total Amt.	64,580.00
Prin. Bal.	31,399.50	Prin. Bal.	20,312.60	Prin. Bal.	51,584.15
Int. Bal.	2,858.58	Int. Bal.	761.73	Int. Bal.	3,736.22
Reserve		Reserve		Reserve	
Outstanding	34,258.08	Outstanding	21,074.33	Outstanding	55,320.37
Next Pmt.	8/12/2017	Next Pmt.	12/1/2017	Next Pmt.	7/17/2017
Final Pmt.	8/12/2017	Final Pmt.	12/1/2017	Final Pmt.	10/26/2016
Total Due FY		Total Due FY		Total Due FY	
Notes	COURT APPROVED TO PURCHASE TRANSPORT VAN. JUN 19-JUN 30 MINUTES 2 BIDS RECD.	Notes		Notes	580SM BACKHOE TRADED IN \$17500.00

ESTILL COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2017
(Continued)

Liabilities Register - Summary

ESTILL COUNTY FISCAL COURT
Issued From: 01/01/2005 To: 06/30/2017
All Open Issues

Issue 178958
 Date 3/14/2016
 Prin. Acct 02-7100-601-
 Int. Acct 02-7100-605-
 Description JOHN DEERE 310SL BACKHOE

Term 5 (Long-Term)
 Pay Freq. M
 Int. Rate 3.90%
 Principal 79,045.83
 Interest 8,091.57
 Total Amt. 87,137.40
 Prin. Bal. 61,954.11
 Int. Bal. 6,083.99
 Reserve
 Outstanding 68,038.10
 Next Pmt. 7/12/2017
 Final Pmt. 7/22/2022
 Total Due FY
 Notes

**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***

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Donnie Watson, Estill County Judge/Executive
Members of the Estill 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 were engaged to audit, 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 financial activity contained in the Fourth Quarter Financial Statement of the Estill County Fiscal Court for the fiscal year ended June 30, 2017, and have issued our report thereon dated May 4, 2020. Our report disclaims an opinion on the Fourth Quarter Financial Statement of the Estill County Fiscal Court because of ineffective internal controls, management override of controls, and high risk of material misstatement.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Estill County Fiscal Court's internal control over financial reporting (internal control) to determine the 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 Estill County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Estill County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-008, 2017-009, 2017-010, and 2017-030 to be material weaknesses.



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)

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2017-007, 2017-011, 2017-012, 2017-013, 2017-014, 2017-015, 2017-016, 2017-018, 2017-020, 2017-021, 2017-022, 2017-024, 2017-025, 2017-026, 2017-027, 2017-028, and 2017-029 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Estill 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-009, 2017-016, 2017-017, 2017-019, and 2017-023.

Views of Responsible Officials and Planned Corrective Action

Estill County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

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

May 4, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Donnie Watson, Estill County Fiscal Court
Members of the Estill County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We were engaged to audit the Estill County Fiscal Court's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Estill County Fiscal Court's major federal programs for the year ended June 30, 2017. The Estill County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Estill County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Estill County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Estill County Fiscal Court's compliance.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Basis for Disclaimer of Opinion on CFDA #97.040

As described in the accompanying Schedule of Findings and Questioned Costs finding 2017-030, the Estill County Fiscal Court failed to establish effective internal control over compliance for federal awards. Effective internal controls over compliance are necessary, in our opinion, for the Estill County Fiscal Court to comply with the requirements of that program.

Disclaimer of Opinion on CFDA #97.040

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the compliance requirements referred to above that could have a direct and material effect on the Estill County Fiscal Court's major federal program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Estill County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Estill County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Estill County Fiscal Court's internal control over compliance.

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-030 to be a material weakness.

Views of Responsible Officials and Planned Corrective Action

Estill County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

May 4, 2020

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**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2017

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**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2017

Section I: Summary of Auditor's Results

Type of report auditor issued: Disclaimer

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Disclaimer		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

CFDA #97.040 – Chemical Stockpile Emergency Preparedness Program
--

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings

2017-001 The Estill County Fiscal Court's Internal Control Environment Is Ineffective

The fiscal court and management failed to establish adequate internal controls, oversight, and review procedures for material financial processes, namely for information technology, receipts, disbursements, and payroll. Additionally, management intentionally circumvented existing controls. The fiscal court has numerous internal control and non-compliance issues that are discussed in detail in findings 2017-002 through 2017-030, that result in significant errors, misstatements, violations of statutes, and violations of the Estill County Administrative Code. Furthermore, there is no assurance that transactions processed are allowable, adequately supported, and a proper use of taxpayer funds.

Management did not adequately assess and identify risks associated with inadequate segregation of duties over revenues, expenditures, and payroll. Management was aware of noncompliance issues reported in previous audit reports. Management failed to implement effective corrective action procedures to ensure these issues did not continue. The lack of corrective action resulted in repeat findings and numerous, more significant issues.

Failure to establish adequate controls, oversight, and review procedures increases the risk that undetected fraud or other errors will occur. The combination of the findings reported results in a control environment that is ineffective to produce financial information that is complete, accurate, and free from material misstatement. Furthermore, management circumventing existing controls resulted in misappropriated taxpayers funds.

Due to the pervasiveness of inadequate controls, management's intentional override of existing controls, and lack of oversight/review of significant processes, we cannot issue an opinion on the financial statement. Auditors expanded testing in all areas to address the risks noted, but our procedures could not overcome the risk of undetected errors, fraud, and misstatements and we cannot place reliance on the financial data. A disclaimer of opinion will be issued.

It is the fiscal court and management's responsibility to ensure adequate internal controls and procedures are in place to ensure complete and accurate financial reporting and to ensure taxpayers resources are used efficiently, effectively, and for intended purposes. There are numerous statutes and requirements outlined in the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* that govern county operations and are detailed in the current year findings.

We recommend the fiscal court and management review all current year findings and determine adequate corrective action to ensure the issues will be corrected timely. Further, we recommend the fiscal court and management review all internal control processes to address any weaknesses noted and implement policies and procedures to ensure financial information is complete, accurate, and free of material misstatement.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-001 The Estill County Fiscal Court's Internal Control Environment Is Ineffective (Continued)

Views of Responsible Official and Planned Corrective Action:

Current Management's Response:

1. *Implementing better purchase order system*
2. *Claims are reviewed by Finance Officer and Treasurer, presented to Judge and Fiscal Court for review and approval, before payments are made*
3. *Reconciling payroll account (reports, deductions, KRS, time cards, vacation/holiday/sick time) to identify balance*
4. *Receipts – Implemented more structured reporting Animal Shelter and Senior Center*
5. *Implementing more structure reporting of Occupational Tax receipts (Working on current and past records) Changing Occupational tax personnel and utilizing [vendor] software for more accurate reporting*
6. *Adding and identifying line items better in new budget, educating personnel for better coding of items.*
7. *Changed passwords and access to financial software programs*
8. *Financial statements and quarterly reports are reviewed and approved by Fiscal Court.*
9. *All bids are advertised as required, reviewed and awarded or denied by Fiscal court (recommendations are received from departments involved)*

The new administration consisting of the Judge Executive, Magistrates, Treasurer, Finance Officer and County Attorney are working together to address issues as we become aware of them and to improve all day to day operations.

2017-002 The Fiscal Court Does Not Have Adequate Controls Over The Financial Accounting Software Program

The fiscal court utilizes a financial accounting software program to post financial transactions. This system is shared among several employees on a computer network. The employees that have access to this system do not have unique user names and passwords. One username and password is shared among several employees.

Management failed to identify the risk associated with financial accounting data and failed to implement adequate policies and procedures to protect such data and ensure that it is complete, accurate, and free of material misstatement.

Shared usernames and passwords increases the risk that undetected fraud, errors, misstatements, etc will occur. Without proper controls over financial data, it is harder to determine which employees are responsible for problems that may arise. Employees are also in violation of the county's administrative code as it pertains to passwords.

The Estill County Administrative Code page 49 under "Password Selection" states, " 1. Select a Password, which will be a minimum of 6 characters in length. 2. Passwords are not to be posted or available in any way to staff other than the individual to whose account the password applies. 3. Passwords are to be unique. 4. Passwords are to be changed on frequent intervals. 5. Passwords must not be so common or obvious as to be easily guessed by another individual. 6. If you suspect your password has been infiltrated you must report it to the Information Systems Director immediately."

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-002 The Fiscal Court Does Not Have Adequate Controls Over The Financial Accounting Software Program (Continued)

Further, strong internal controls require each employee to have a unique user name and password that is changed at regular intervals. Computer programs should have a log that lists changes to data and the person performing such changes so that an appropriate level of management can periodically review to ensure all changes are necessary and approved. Furthermore, passwords should never be shared among employees and employees should be restricted to certain parts of the program they can access based on their job duties.

We recommend the fiscal court review the policies and procedures regarding computer information and implement adequate controls to ensure data is complete, accurate, and free of material misstatement.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: We have four (4) software programs: [names redacted]. Each program has a different password (areas within each program are password protected). Treasurer has access to all programs. Finance Officer has access to areas she uses on regular basis. Occupational Tax assistant will have access to Fiscal Tax only.

We are talking with IT support for backup and more secure computer network – will implement soon.

2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2016-001. Our tests of disbursements included an examination of 180 disbursements from the county's operating funds. We noted numerous non-compliance issues:

- Sixteen disbursements, about 9% of our test sample, did not have appropriate supporting documentation.
- Thirteen disbursements, about 7% of our test sample, did not have proper signatures on cancelled checks. These 13 disbursements were signed by the former county judge/executive and the former deputy county judge/executive. The former deputy county judge/executive was an authorized signatory on the county's bank accounts, however, this signatory designation was to be enacted in absence of the former county judge/executive, not the former county treasurer.
- Thirty-eight disbursements totaling \$445,587, about 21% of our test sample, were not presented to the fiscal court before payment.
- Eighty-four disbursements, about 47% of our test sample, were not paid timely (within 30 working days of receiving the invoice or bill), some of which were more than 12 months overdue.
- One-hundred nineteen disbursements totaling \$417,220, about 66% of our test sample, did not have a purchase order. Of the transactions that did have a purchase order, many were vague, did not have an accurate description of what was being purchased, account codes listed were incorrect, and estimated amount of purchase was not included. Additionally, encumbrances (i.e. outstanding purchase orders) were not tracked, totaled, and included on the year-end financial report.
- Bidding requirements were not followed. The fiscal court did not follow competitive bidding requirements for four different types of goods (rock, asphalt, fuel, and enviropatch liquid) that were purchased from three vendors. The fiscal court also did not competitively bid two types of services (steel drilling and bathroom renovation project) purchased through two vendors.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements (Continued)

The fiscal court did not implement adequate procedures and oversight regarding the documentation, preparation, and authorization of disbursements. The county's administrative code outlines proper procedures for disbursements. However, management overrode these procedures and the fiscal court did not exercise adequate oversight to ensure these procedures were being followed. The former finance officer received, processed, and maintained all supporting documentation for disbursements.

The former county judge/executive and former treasurer did not review supporting documentation, including purchase orders, before signing checks printed by the former finance officer. In addition, neither fiscal court members nor management reviewed invoices or bank statements to ensure proper procedures had been followed including: all disbursements included proper signatures, were properly recorded, were included on the claims list that had been presented to the fiscal court, were paid timely, were supported by a properly executed purchase order, and were in compliance with competitive bidding requirements. Management was aware that purchase orders were required for all purchases and that encumbrances must be reported on the year-end financial statement, but did not adhere to these requirements.

The absence significant review procedures or oversight also allowed numerous invoices to not be processed timely and this occurred without detection or knowledge of the fiscal court. Another contributing factor to untimely payments was the absence of an effective purchase order system, which allows management to track outstanding obligations to ensure commitments are not made in excess of available resources/fund balances. Some invoices were not paid timely simply because the funds were not available when the invoice was received.

The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance, violations of statutes, and violations of the county's administrative code as reflected above. Lack of proper accounting practices, internal controls, and oversight increases the risk that undetected misstatements and fraud will occur.

Failure to present a complete and accurate claims list to the fiscal court results in the fiscal court being unaware of all financial activity being processed, which can impact their decision making abilities and impairs the ability to effectively oversee financial activity.

Failure to pay obligations timely is indicative of poor financial management practices and can result in late fees and finance charges, which are a wasteful use of taxpayer resources. We noted \$4,375 of late fees and finance charges that were incurred. It is also a violation of statute for failure to pay invoices within 30 working days of receipt of the invoice or bill. One contractor filed suit against the county for non-payment of \$512,558 in outstanding invoices as of June 30, 2017. An agreement was reached between the county and the contractor to set up a payment schedule to satisfy the obligation without further legal proceedings.

The risk of overspending the budget or spending in excess of funds available increases significantly without an effective purchase order system in place. Failure to report encumbrances results in inaccurate cash balances reported on the year-end financial statement and can lead to improper financial decision making by the fiscal court. It is also a violation of Department for Local Government (DLG) regulations for disbursements to be processed without a purchase order and for failure to report encumbrances on the year-end financial statement.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements (Continued)

Without proper procedures in place to mitigate the risks discussed above, the fiscal court is exposing public resources to potential misstatements and fraud. Due to the pervasiveness of the non-compliance issues noted above (among other issues outlined in other findings), a disclaimer of opinion was issued on the financial statements for fiscal year ended June 30, 2017.

Effective internal controls provide for adequate segregation of duties and prevent the same person from having a significant role in incompatible functions. Segregation of duties and proper oversight helps prevent fraud or misappropriation of assets and protects employees in the normal course of performing their daily responsibilities. Effective internal controls and proper oversight also help ensure compliance with laws, regulations, grant agreements, etc.

The most basic requirement of strong internal controls is to maintain adequate supporting documentation to substantiate disbursements. Additionally, KRS 68.020(1) states in part, “[t]he county treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasury, and shall disburse such money in such manner and for such purpose as may be authorized by appropriate authority of the fiscal court. He shall not disburse any money received by him for any purpose other than that for which it was collected and paid over to him, and when he pays out money he shall take a receipt therefor.”

Regarding proper signatures on checks, the Estill County Administration Code, page 12, states “[t]he depositor of Estill County funds shall not honor any warrant on the county unless it is signed by both the County Judge Executive and the County Treasurer. In the absence of the Judge Executive, the Deputy Judge Executive may sign.” Further, KRS 68.020(1) states in part, “[a]ll warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive.”

Guidance concerning presentation of disbursements (i.e. a claims list) to the fiscal court is outlined in statute and in the county’s administrative code. KRS 68.275(2) says, “[t]he county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid.” According to the Estill County Administration Code page 12, “(A) The Judge Executive shall account for all claims against the county. (B) All claims for payment from the county shall be filed in writing with the Judge Executive. (C) Each claim shall be recorded by date, receipt and purchases order number and presented to the Fiscal Court at its next meeting. (D) Each order of Fiscal Court approving a claim shall designate the budget fund and classification from which the claim will be paid and each warrant shall, specify the budget fund and classification.”

KRS 65.140 stipulates timely payments to vendors by stating, “[u]nless the purchaser and vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of receipt of a vendor’s invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor’s subcontractor.”

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements (Continued)

Purchase order requirements are outlined by the Department for Local Government. KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual*, page 57, requires purchasing procedures include the following:

1. Purchases shall not be made without approval by the judge/executive (or designee), and/or a department head.
2. Purchase requests shall indicate the proper appropriation account number to which the claim will be posted.
3. Purchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made.
4. Each department head issuing purchase requests shall keep an updated appropriation ledger and/or create a system of communication between the department head and the judge/executive or designee who is responsible for maintaining an updated, comprehensive appropriation ledger for the county.

Furthermore, KRS 68.360(2) states “[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund....”

Competitive bidding ensures that the fiscal court procures materials and services at the best price available. KRS 424.260 states “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except for perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.”

In addition, page 52 of the Estill County Administrative Code under “Bid and Award Procedures” states: “A. Requests for goods and/or services which cost less than twenty thousand dollars (\$20,000.00) or are on an annual bid, or for which there exists a State pricing contract, are not required to be purchases through the competitive bidding procedure. However, the competitive bidding procedure may be used at any time to obtain competitive pricing. When the competitive bidding procedure is desired, the Department Head must have the Judge Executive’s approval prior advertising for bids. B. The Judge Executive advertises for bids in the newspaper of jurisdiction in the County at least once, not less than seven days, nor more than twenty-one days before bid opening. The advertisement shall include the time and place the bids will be delivered and opened, and will also include the place where the specifications may be obtained. C. The Judge Executive shall open all bids publicly at the time and place stated in the advertisement. Opening of bids need to occur at a fiscal Court meeting. D. The Judge Executive checks against the specifications to insure that all bids are considered on an equal basis and to insure that all bids meet the minimum specifications. After analyzing each bid with the assistance of the particular Department Head or other expert, the Judge Executive creates a written recommendation as to the best bid by a responsible bidder. The Fiscal Court then decides whether or not to award the bid. If the lowest bid is not selected, the reasons are to be stated in writing. The Fiscal Court may choose to reject all bids if none are satisfactory. E. At the time of bid, the bid must be delivered to Fiscal Court with Proof of Insurance, and at least two references. F. All bidders are notified in writing of the Fiscal Court’s action by the Judge Executive.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-003 The Estill County Fiscal Court Failed To Implement Adequate Internal Controls And Oversight For Disbursements (Continued)

“G. The Judge Executive, with the assistance of Department Heads, shall annually prepare a list of supplies and materials that the County expects to purchase where the value of which is \$20,000 or more. This list shall be made available to vendors who will be requested to submit their bids for such items for the forthcoming fiscal year. Vendors need not bid on all items. Items on which the County may expend less than \$20,000.00 during a fiscal year, but for which it may nevertheless be desirable to solicit competitive bids, may also be a part of the annual bid process. The County will purchase annual bid items from the winning vendors during the course of the fiscal year, provided however that a lower or better price is not discovered at some point in time after annual bids have been awarded. Winning vendors may adjust their prices down from that offered in a winning bid, but they may not increase their prices above their bid. H. The County may at its discretion require a bid bond, certified check, or other guarantee from vendors as insurance to the County that the material or service will be provided as specified in the bid advertisement. Bid bonds, certified checks, or other guarantees from unsuccessful bidders will be returned promptly. Successful bidders will have their bid bond, certified check, or other guarantee returned upon successful completion of the project or delivery of goods.”

We recommend the fiscal court implement adequate, effective internal control procedures for disbursements, including segregation of duties, to address each of the areas previously discussed. Additionally, strong management oversight and review procedures should be implemented to prevent and detect errors or fraud. Effective review procedures could be achieved if performed by an employee independent of the person or department initially performing those functions. All oversight and review procedures must be properly documented by initialing source documents, ledgers, reports, or other supporting documentation.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Purchase Orders are required for all purchases. All invoices must be signed by person receiving merchandise or a signed delivery ticket documenting receipt attached to invoice. Invoices are checked for PO’s, signed receipt of and correct amounts before they are entered in claims. Claims are then presented to Fiscal Court for review and approval. No claims are paid without Fiscal Court approval. Any preapproved claims with questions are presented to Judge and/or Fiscal Court (example higher than normal)

Only authorized county employees can make purchases for the county and then only with PO. Purchase order process is not a choice, it is mandatory – PO must be specific with account codes and estimated amount of purchase.

Outstanding encumbrances will be included on year-end financial report. (In process utilizing [software] to issue PO’s; all encumbrances will be tracked and on financial statements.) Claims must be accompanied by an invoice and verified before being presented to Fiscal Court for payment.

As we work thru the problems we try to pay everything in a timely manner.

Bidding – Competitive bidding process is being followed. Fiscal Court approves all bids before acceptance.

All checks are co-signed by Judge and Treasurer. NO BLANK CHECKS ARE SIGNED.

Former Treasurer’s Response: Treasurer was not consulted in claims processing or reviewed prior to payment. All claims were rec’d in main office.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-004 The Former County Judge/Executive Appears To Have Misappropriated County Disbursements
 Totaling \$26,750

We noted four checks totaling \$26,750 that appear to have been misappropriated by the former county judge/executive. The checks in question were endorsed by the payees and then also endorsed by the former county judge/executive, making it appear that the contractors signed checks over to him to cash or deposit. As discussed in finding 2017-005, one check from the general fund and one check from the road fund were requested as blank checks by the former county judge/executive, signed by the former treasurer, and hand written to the bathroom renovation project contractor. These checks totaled \$14,100. The other check to the bathroom renovation contractor totaling \$7,400 was processed in the county's disbursement system. The fourth check totaling \$5,250 was also processed in the county's disbursements system but was written to a vendor unrelated to the bathroom renovation project.

Management overrode controls to obtain blank checks. Management also circumvented controls by receiving and endorsing disbursements paid to contractors and vendors.

The former county judge/executive appears to have misappropriated \$26,750 in state and county funds during fiscal year 2017. The former county judge/executive was indicted by Franklin County grand jury on September 18, 2018 on one count of abuse of public trust more than \$10,000, related in part to the checks noted above. On October 11, 2019, the former county judge/executive pleaded guilty to one count of abuse of public trust less than \$10,000. He was sentenced to three years to be diverted for 5 years and must pay restitution.

In addition to the charges brought against the former county judge/executive, misappropriation of taxpayer funds affects the ability of the government to provide resources to its citizens and future funding sources (such as state and federal grants) could be in jeopardy.

KRS 64.850 states, "[i]t shall be unlawful for any county official to deposit public funds with individual or private funds in any bank or other depository or for any such official to withdraw public funds for any purpose other than that for which they were received and deposited."

We recommend the fiscal court establish effective review and oversight procedures to determine if management is abiding by the policies and procedures set forth by the fiscal court, the county's administrative code, and applicable statutes. We also recommend the fiscal court remind all employees that suspected fraud, override of controls, misappropriation of resources, misuse of public funds, etc. can be reported to the county attorney, the Auditor of Public Accounts fraud hotline, the Kentucky State Police, or the Kentucky Office of the Attorney General.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: THIS WILL NOT HAPPEN. PERIOD. Better accountability practices have been implemented, including but not limited to improved Fiscal Court oversight of accounts and requirements of Treasurer and Judge Executive to co-sign checks.

Former Treasurer's Response: [Former] Judge requested blank check, stating it would be used to purchase road equipment. Did not receive invoice after requesting several times from [former] Judge.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-005 An Area Development Funds Grant Was Handled Inappropriately

The fiscal court received approval from the Department for Local Government (DLG) to use area development funds totaling \$17,000 through Bluegrass Area Development District for a bathroom renovation project. Inspection of documentation related to this grant revealed numerous improprieties.

The first issue with this grant was that the fiscal court failed to solicit bids for the project. Information submitted with the grant application indicated expenditures would not exceed the bid threshold of \$20,000. However, disbursements for the project totaled \$29,740. The scope of the project was clearly outlined in the grant agreement and management used local funds to cover expenditures in excess of the project estimates. One of the disbursements for the bathroom renovation project was paid from the road fund, which is not an allowable disbursement from this restricted fund.

Additionally, the fiscal court paid for the supplies, materials, and equipment necessary to complete the project. It is unusual for an entity to hire a contractor and also provide all necessary supplies, materials, tools, and equipment for a project. The county failed to execute a contract or other legally binding document with the contractor which outlined the responsibilities of each party such as who was responsible for supplying the items necessary to complete the project. As discussed in finding 2017-006, the fiscal court paid for many of these supplies via the contractor charging the items to the county at a local store.

Another issue of concern is that the documentation submitted to DLG upon completion of the project did not agree to the invoices and other disbursement documentation maintained by the county. For instance, the invoice submitted to DLG indicated the contractor billed the county for supplies, materials, and labor for completion of the project. As previously discussed, the county purchased supplies, materials, and equipment for this project. Further, invoices and purchase orders were not provided for three payments to the contractor so it is unclear where the invoice submitted to DLG came from as it was not part of the county's invoice files to substantiate disbursements associated with the project. None of the payments to the contractor were presented to the fiscal court as part of a claims list.

Finally, and most concerning, is that the former county judge/executive appeared to have intentionally circumvented internal controls by requesting blank checks from the general fund and the road fund (all other disbursements for this project were executed in the state grants fund). The former finance officer provided the blank checks to the former county judge/executive and he requested the former county treasurer sign the checks. She complied with this request. The checks were hand written to the bathroom renovation project contractor for \$6,550 and \$7,550, endorsed by the contractor, but subsequently also endorsed by the former county judge/executive making it appear as though the former county judge/executive received the funds personally. Further discussion on the disposition of these checks can be found in finding 2017-004.

The fiscal court failed to implement effective internal controls and adequate oversight for grant expenditures. Management was aware that issuing and signing blank checks is a violation of internal control procedures and state law, but all three individuals involved in this process proceeded anyway.

Grant funds appear to have been misspent and documentation submitted to the state with the reimbursement request appears to be inaccurate and potentially fraudulent. The fiscal court is in violation of the terms of the grant agreement. This situation created a significant risk of waste, fraud, and abuse.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-005 An Area Development Funds Grant Was Handled Inappropriately (Continued)

Basic internal controls do not allow for management to override controls by requesting blank checks to be signed by the treasurer. In addition, basic internal controls require supporting documentation for every expenditure. Furthermore, the grant agreement signed by DLG and the former county judge/executive states: “(2) All federal and state laws and regulations pertaining to the completion and operation of the project must be met. These may include, but are not limited to, laws and regulations on nondiscrimination, prevailing wage, unemployment compensation, bid advertisement and award and other such laws applicable to the project. (3) Beneficiary agencies receiving direct grants shall spend funds only for the project for which the grant was made. Agencies shall be liable to repay to the Area Development Fund any grant funds expended in violation of regulations and statutory provisions. (4) Complete and accurate records of all expenditures of Area Development Funds shall be maintained and kept subject to audit by the Commonwealth for a period of five (5) years after completion of the project.”

We recommend the fiscal court implement effective internal controls and exercise adequate oversight for all grants. We also recommend the fiscal court contact the Department for Local Government to determine the implications of the misuse of these grant funds. We will refer this matter to the Department for Local Government. Law enforcement agencies have already addressed this issue as discussed in finding 2017-004.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Invoices are not paid without Fiscal Court approval. Claims are not submitted to Fiscal Court without signed receipt or receipts with signed delivery ticket to backup each invoice. NO BLANK CHECKS ARE SIGNED. PERIOD.

2017-006 Management Allowed Non-Employees To Charge Purchases To The County

We noted 40 transactions totaling \$3,392 in which purchases were made at a local store by non-employees. These purchases were charged to the county, the bills were sent to the fiscal court, and were paid. Most of these purchases related to the bathroom renovation project as discussed in finding 2017-005. Most of the purchases (35 of the 40) were executed from February 27, 2017 to March 23, 2017 under a blanket purchase order issued by management. The purchase order did not include a detailed description of items to be purchased and did not include an estimated amount.

Management was aware of the risk associated with issuing blanket purchase orders and allowing purchases to be made by individuals other than county employees but decided to allow this practice anyway.

The risk of undetected fraud and misstatements increases significantly when established procedures are intentionally circumvented. In addition, blanket purchase orders and purchases by non-employees increase the risk of personal purchases being made or other misappropriation of government funds.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-006 Management Allowed Non-Employees To Charge Purchases To The County (Continued)

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual*, page 57, requires purchasing procedures include the following:

1. Purchases shall not be made without approval by the judge/executive (or designee), and/or a department head.
2. Purchase requests shall indicate the proper appropriation account number to which the claim will be posted.
3. Purchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made.
4. Each department head issuing purchase requests shall keep an updated appropriation ledger and/or create a system of communication between the department head and the judge/executive or designee who is responsible for maintaining an updated, comprehensive appropriation ledger for the county.

In addition, strong internal controls require purchases to be made by authorized county personnel only with a detailed purchase order to accompany each transaction.

We recommend the fiscal court adhere to purchasing guidelines established in the *County Budget Preparation and State Local Finance Officer Policy Manual*. Further, we recommend the practice of issuing blanket purchases orders cease and that only authorized personnel be given authority to execute purchases.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: The only authorized non-employees allowed to make purchases are affiliated with the county through the Fire Department and Rescue Squad and they must have prior approval and PO.

2017-007 The Fiscal Court Did Not Have Adequate Controls And Oversight For Credit Card Purchases

The county utilized two credit cards for various purchases. One was a general credit card and one was a store specific credit card. None of the transactions for the general credit card were presented to the fiscal court on a claims list and none had properly executed purchase orders. Most, but not all, of the transactions on the store specific card were presented to the fiscal court on a claims list. We noted numerous questionable items purchased on these cards – purchases that are potentially personal in nature (numerous transactions for deck building materials, appliances, and chairs) and multiple purchases of like type items (tools, drill kits, etc.) for which the inventory could not be located. For all questionable purchases (totaling \$5,705), the receipt was signed by the former county judge/executive. Below is list of questionable purchases noted on credit cards:

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-007 The Fiscal Court Did Not Have Adequate Controls And Oversight For Credit Card Purchases
(Continued)

Quantity	Description	Price
	Kobalt 11-Piece Polished Chrome Standard (SAE) Wrench Set	37.97
	Kobalt 26mm Combination Wrench	23.72
	Kobalt 27-mm Combination Wrench	26.10
	Kobalt 5-Piece Standard Polished Chrome Standard (SAE) Wrench Set	56.97
	Kobalt Ratchet	15.16
	Portfolio 250-Watt Brown Lamp Socket	33.15
	Portfolio 2-Pack 0.875-in x 4-in White Lamp Socket Covers	25.47
	Southwire 250-ft 18-AWG 2-Conductor Clear Lamp Cord	39.30
	Blackstone 4-burner griddle	284.05
4	Proven Winner 1-Gallon Multicolor Weigela Flowering Shrub	75.92
2	Frigidair 10000 BTU Window Air Conditioner	807.30
4	Coleman 60-Quart Wheeled Plastic Chest Cooler	132.88
3	Red Barrel Chair	134.97
3	Red Shed High Back Rocking Chair	113.97
	Utilitech Gray Range Appliance Power Cord	20.87
	Whirlpool Smooth Surface Freestanding 5.3-cu ft Self-cleaning Electric Range (White)	474.05
10	4-4-8 treated #2 grade lumber	78.50
2	Bostitch 1-in Finish Pneumatic Staples	51.26
	Bostitch 6-Gallon Portable Electric Pancake Air Compressor	265.05
	DEWALT 7-in Wet Continuous Diamond Circular Saw Blade	33.22
	Kobalt 10-in 15-Amp Single Bevel Sliding Laser Compound Miter Saw	170.05
	Kobalt 7-in Wet/Dry Tabletop Sliding Table Tile Saw with Stand	274.55
2	st 1.5in x 14 ft 1000 lb ties	37.96
	Stanley 3.5-in 15-Gauge 28-Degree Framing Pneumatic Nails (2000 Count)	75.98
	Stanley 3.5-in 28-Gauge 28-Degree Framing Pneumatic Nails (2000 Count)	52.23
6	Top Choice (Assembled: 6-ft x 2.69-ft) Pressure Treated Pine Deck Railing Kit	199.32
336	Top Choice Pressure Treated Brown Pine Deck Baluster	309.12
2	Top Choice Natural Pressure Treated Pine Deck Handrail	25.59
4	Top Choice Prime Treated Lumber	21.44
	5-lbs 2-1/2-in Countersinking-Head Polymer-coated Phillips-Drive Deck Screw	24.68
	5-lbs 2-in Countersinking-Head Polymer-coated Phillips-Drive Deck Screw	24.68
	5-lbs 3-1/2-in Countersinking-Head Polymer-coated Phillips-Drive Deck Screw	24.68
	5-lbs 3-in Countersinking-Head Polymer-coated Phillips-Drive Deck Screw	24.68
	DEWALT XR-Amp 20-Volt Max Lithium Ion Cordless Brushless Screw Gun Kit	189.06
2	ELMER'S Probond Professional Strength 6-oz Golden Oak Wood Filler	12.30
	Kobalt 15-Amp 7-1/4-in Magnesium Corded Circular Saw with Brake	84.56
	1-1/4-in Countersinking-Head Polymer-Coated Phillips-Drive Deck Screw	8.05
	DEWALT 1/2-in 20-Volt Max-Volt Variable Speed Cordless Hammer Drill (Battery Not Included)	132.05
	DEWALT 10-Pack T-Shank Jigsaw Blade Set	14.23
	DEWALT 18-Volt 1/2-in Cordless Drill	94.05
	DEWALT 18-Volt Variable Speed Keyless Cordless Jigsaw (Bare Tool)	122.55
	DEWALT 20-Volt Max Variable Speed Keyless Cordless Jigsaw (Bare Tool)	141.55
	Kobalt 200-Piece Standard and Metric Polished Chrome Mechanic's Tool Set	141.62
	Kobalt 3-Pack Locking Plier Set	18.98
2	Pressure Treated Southern Yellow Pine Deck Post Cap	85.80
2	Reese Black Nickel Triple Ball Mount Bar	94.98
10	Severe Weather Max Standard Radius Edge Pressure Treated Southern Yellow Pine Deck Board	47.30
96	Top Choice Pressure Treated Brown Pine Deck Baluster	88.32
4	Treated Lumber	32.56
80	Top Choice Prime Treated Lumber	355.20
5	USP 1 4.8125-in G90 Galvanized Corner Brace	20.80
6	USP 6.5625-in G90 Galvanized Finish Corner Brace	26.10
	Total	\$ 5,704.90

The fiscal court did not have adequate internal controls and oversight procedures in place for credit card usage. No one independent of the former judge/executive's office reviewed the detailed credit card receipts to ensure proper use of public funds.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-007 The Fiscal Court Did Not Have Adequate Controls And Oversight For Credit Card Purchases
 (Continued)

Credit card transactions are inherently risky but can be acceptable if adequate, effective controls are in place. In instances where controls are inadequate and there is little to no oversight, the risk of misappropriation increases significantly. Due to lack of review and oversight in this situation, potentially improper purchases occurred and were not addressed by the fiscal court. These transactions and the lack of proper internal controls create a high risk of waste, fraud, and abuse and public funds were potentially misspent.

The fiscal court must apply best practices when exercising its fiduciary responsibility to act as agents of the public trust. Strong internal controls over credit card purchases require the county to develop procedures and protocols for credit card use, including authorized users and the types of purchases that can be made with credit cards. Before credit cards are utilized, the authorized purchaser should request a purchase order to include the items to be purchased, an estimated amount, and the account code and fund from which the disbursement will be paid. Basic internal controls over credit cards include requiring a detailed receipt or invoice for each transaction, a review of credit card statements to match receipts/invoices to the statement, and a review of each item purchased. Preferably, these controls should be executed by someone independent of the authorized credit card users. Even if the account code for credit card purchases is included on the pre-approved expenditure list, we recommend all credit card transactions be detailed and submitted to the fiscal court for review.

We recommend the fiscal court implement effective internal controls over credit card purchases and institute rigid oversight and review procedures for all credit card purchases to ensure the purchases are adequately documented and are an appropriate use of taxpayer resources. We will refer this matter to the Kentucky Office of the Attorney General.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: The only credit cards the county has at this time are [vendor] cards for fuel purchases. All charges are reconciled with statement monthly. All cards are assigned to departments.

2017-008 Internal Controls Over Occupational Tax Collections Are Not Adequate

Occupational tax collections comprise about 42% of the county's general fund operating revenue – by far the single biggest source of revenue for this fund. Internal controls over occupational taxes are not adequate to ensure amounts reported are complete, accurate, and free of material misstatement due to the following issues:

- Occupational taxes are sometimes batched and posted to the ledgers in a lump sum rather than listing each individual taxpayer.
- Occupational taxes are not reconciled to the ledgers by someone independent of receiving and posting occupational tax receipts.
- Delinquent occupational tax notices are not sent out with any regularity or consistency.
- Records could not be located to support occupational tax payments handled in person (i.e. three part receipt books).
- There are no effective review or oversight procedures for occupational tax collections

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-008 Internal Controls Over Occupational Tax Collections Are Not Adequate (Continued)

The fiscal court failed to adequately assess risk associated with occupational tax collections and has not implemented effective internal controls, review procedures, or oversight for occupational tax collections.

Failure to implement adequate controls over occupational tax collections increases the risk that material misstatements and fraud will occur and go undetected, especially considering occupational taxes comprise such a large portion of general fund revenues.

Strong internal controls over occupational taxes require each transaction be recorded separately so that finding errors, discrepancies, etc. is possible. Additionally, a log or receipt books should be maintained that list each transaction so that a comparison can be made to deposit slips and to the ledgers by someone independent of the receiving and posting functions. Delinquent notices should be sent out regularly and consistently in order to collect amounts owed to the county and to detect any misstatements, errors, or misappropriation of funds. The delinquent notices should direct any questions or concerns to someone independent of occupational tax collections so that discrepancies can be investigated and resolved without risk of alteration of records by staff involved in the collection process.

In order for internal controls to be effective in preventing and detecting errors, misstatements, and fraud, the functions of any significant area should be separated. If segregation is not possible or practical, the fiscal court could implement and document compensating controls to reduce the risk associated with inadequate segregation of duties. A strong compensating control could include review of deposit tickets, tax returns, and occupational tax ledger by someone independent of occupational tax collections. This could be documented by initialing all supporting documentation after the review is complete.

We recommend the fiscal court implement effective internal controls, review procedures, and oversight for occupational tax collections and document the procedures performed that ensure recorded amounts are complete, accurate, and free of material misstatement.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: We are currently working on this. There will be a change of personnel in Occupational Tax, once the courthouse re-opens. Returns and receipts will be entered timely and correctly. The [vendor] software will be utilized for better accounting practices, will be able to track delinquent returns and non-compliance for better notification. Currently working on forms and notifications with plans to utilize county website for better access to information for taxpayers and availability of forms.

Former Treasurer's Response: Occupational Tax is the county's major fund source. Discussions per the Treasurer with FC was attempted many times the importance of controls. Requested additional personnel, but was not granted.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-009 Cash Collected At The Animal Shelter Was Missing From Deposits

The animal shelter collects receipts for adoption fees. The animal shelter director issues receipts for these transactions and periodically batches amounts collected to take to the county judge/executive's office for deposit. The animal shelter director lists the total checks and total cash he has collected and gets the county judge's office to issue a receipt for the funds he remits. Receipts issued to the animal shelter director were signed by either the former solid waste coordinator or the former county treasurer. The checks documented by the animal shelter director were deposited and recorded in the ledgers. Comparison of the animal shelter director's available records and the deposits of animal shelter funds revealed \$4,405 of cash that was accounted for by the animal shelter director but was never deposited into the county's bank accounts after it was turned over to the county judge/executive's office.

Additionally, cash and checks are sometimes collected for rental of the senior citizens center. No records were maintained to be able to determine if senior citizen receipts were accounted for properly.

The fiscal court and management failed to implement effective internal controls, review procedures, and oversight for offsite collections, especially as it relates to cash receipts.

At least \$4,405 of fees generated from the animal shelter may have been stolen or misappropriated and this was undetected by management. Due to lack of records and inconsistent recordkeeping, we could not determine the total amount that was not deposited or accounted for.

Strong internal controls require three part receipts be maintained for all revenues. All receipt numbers should be accounted for and compared to the total listing of receipts to ensure completeness. Deposits should agree to the batched receipts for cash and check totals. The amounts collected should be accurately reflected in the receipts ledger. Cash collected should be recounted by at least two people, with each signing and agreeing to the amount collected.

Further guidance on issuance of receipts can be found in KRS 64.840, which states, "(1)...all county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer, if the fine, forfeiture, tax, or fee is paid: (a) In cash; (b) By a party appearing in person to pay; or (c) By check, credit card, or debit card account received through the mail, if the party includes an addressed, postage-paid return envelope and a request for receipt. (2) One (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit."

We recommend the fiscal court establish effective internal control procedures to ensure all revenues are adequately documented, recorded, and deposited. We recommend the fiscal court comply with KRS 64.480 regarding receipts and ensure that these records are maintained for an appropriate time period. This matter will be referred to the Kentucky Office of the Attorney General and the Kentucky State Police.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-009 Cash Collected At The Animal Shelter Was Missing From Deposits (Continued)

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Employee was dismissed immediately upon discovery of missing funds. Animal Shelter collects fees and donations on site. Receipts are issued, copies given to individuals, once copy kept at Animal Shelter and one returned with funds to Judge's office. Funds are counted, reconciled, receipts given to Animal Shelter and deposited to general fund.

Senior Center collects rental/donations on site. A deposit is received when center is rented and returned to renter when key is returned; this transaction is recorded with receipt when received and returned. Receipts are given, one kept at Senior Center and one turned in with funds to Judge's office. Funds are counted, reconciled, receipt given to Senior Center and deposited to general fund. Calendar showing rentals is also turned in.

Former Treasurer's Response: Prior audit findings (2016) requested more internal controls. All mail of treasurer's was opened and received, logged in software in the Judge's office by the [Solid Waste Coordinator], then given to treasurer for accuracy. A memo was presented to all departments; NO CASH will be accepted, department didn't adhere to request.

2017-010 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate

The following issues were noted for payroll processing:

- Amounts paid to the County Employees Retirement System (CERS) were not accurate (see finding 2017-011 for additional details)
- One part time employee is working more than 100 hours per month but is not receiving retirement benefits (see finding 2017-012 for additional details)
- One employee holds a part time position and a full time position within the entity and is receiving retirement benefits for the full time position but not the part time position (see finding 2017-012 for additional details)
- Overtime calculations and compensatory calculations are not accurate (see finding 2017-013 for additional details)
- Timecards do not agree to amounts paid (see finding 2017-013 for additional details)
- Pay rates were not properly documented and jailer's salary wasn't properly set (see finding 2017-014 for additional details)

The fiscal court failed to adequately assess the risk associated with payroll processing and failed to implement adequate internal controls regarding the documentation, preparation, and authorization of payroll. Segregation of duties is not adequate since the former finance officer performed all payroll calculations, prepared all payroll reports, remitted all payroll withholding and matching payments, and maintained all documentation for payroll. There were no significant review procedures in place nor adequate oversight for payroll to ensure the completeness and accuracy of payroll information.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-010 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate
 (Continued)

Failure to implement adequate controls over payroll increases the risk that material misstatements and fraud will occur and go undetected, especially considering payroll accounts for a large portion of the county's budget. Numerous undetected errors were noted for payroll processing and the fiscal court is in violation of various statutes.

In order for internal controls to be effective in preventing and detecting errors, misstatements, and fraud, the functions of any significant area should be separated. If segregation is not possible or practical, the fiscal court could implement and document compensating controls to reduce the risk associated with inadequate segregation of duties. A strong compensating control could include review of payroll reports, review of payroll payments, comparison of payroll documentation to amounts recorded, and reconciliation of withholding and matching reports to supporting documentation. Further, review procedures and oversight should be exercised consistently to detect errors and to reconcile payroll to supporting documentation.

We recommend the fiscal court implement effective internal controls, review procedures, and oversight for payroll processing to ensure the completeness and accuracy of all payroll information.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Time cards are approved by department heads before turning in to Finance Officer. Upon receipt Finance Officer and Treasurer review/proof for accuracy and compliance. Questions are discussed and corrected before payroll is completed. Time cards are turned in on Thursday and checks are issued same day – we are discussing a change in this process to give more time to review/proof time cards and payroll. Clerk's payroll is now being processed by us. He is paying his personnel and reimbursing Fiscal Court payroll for all deductions and matches. This is helping in reconciling of reports and payments.

Retirement is reconciled monthly against reported amounts to CERS. All payments and reports from the payroll account are being reconciled monthly.

Former Treasurer's Response: All payroll processing was prepared by Finance Officer and Dep Judge.

2017-011 Amounts Paid To The County Employees Retirement System (CERS) For Retirement Deductions
 And Matching Contributions Are Not Accurate

We noted several small discrepancies in amounts reported as retirement wages on payroll summaries (amounts on employee paychecks) compared to retirement wages reported to County Employees Retirement System (CERS). Upon further investigation, we noted one employee had switched from part time to full time employment in 2013. Retirement contributions were being deducted from the employee's paychecks and matching contributions were transferred to the revolving payroll account, but these wages were not reported nor paid to CERS. We also noted this employee had retirement wages withheld before his transition to full time became effective.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-011 Amounts Paid To The County Employees Retirement System (CERS) For Retirement Deductions And Matching Contributions Are Not Accurate (Continued)

Due to inadequate controls over payroll, as discussed in finding 2017-010, the payroll clerk made an error and did not change the status of the employee from part time employee to full time in CERS. This error, and other smaller errors, went undetected due to the lack of reconciliations between the payroll summaries and retirement reports. Management has not established a policy for adequate supervisory review of the data entered into the retirement reporting system to be compared to data from the payroll system for accuracy and completeness.

The Estill County Fiscal Court owes more than \$30,000 to CERS for an employee whose employment status was incorrectly reported. This employee is also owed \$231 for retirement withholding amounts made erroneously. In addition, several other employees' wages were inaccurately reported. Most importantly, the amount of wages reported to CERS determines the employees' retirement benefits. It is imperative that the reported wages are complete, accurate, and supported by payroll documentation. Finally, failure to pay accurate amounts to CERS timely can result in penalties and interest charges, which are not an efficient use of taxpayer resources.

KRS 78.625 states, "(1) The agency reporting official of the county shall file the following at the retirement office on or before the tenth day of the month following the period being reported: (a) The employee and employer contributions required under KRS 78.610, 61.565, and 61.702; (b) The employer contributions and reimbursements for retiree health insurance premiums required under KRS 61.637; and (c) A record of all contributions to the system on the forms prescribed by the systems. (2) (a) If the agency reporting official fails to file at the retirement office all contributions and reports on or before the tenth day of the month following the period being reported, interest on the delinquent contributions at the actuarial rate adopted by the board compounded annually, but not less than one thousand dollars (\$1,000), shall be added to the amount due the system. (b) Delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties may be recovered by action in the Franklin Circuit Court against the county liable or may, at the request of the board, be deducted from any other moneys payable to the county by any department or agency of the state. (3) If an agency is delinquent in the payment of contributions due in accordance with any of the provisions of KRS 78.510 to 78.852, refunds and retirement allowance payments to members of this agency may be suspended until the delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties have been paid to the system."

We recommend the fiscal court immediately contact CERS to correct the error regarding the improperly reported employee and pay amounts owed as determined by CERS. We also recommend the fiscal court reimburse the employee \$231 for retirement withholding amounts made in error. Further, we recommend the fiscal court implement an independent review/reconciliation process for comparison of CERS retirement reports to supporting payroll documentation to ensure accuracy and completeness.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Retirement has been reviewed and correct information sent to CERS. Adjustments have been made by CERS. Several additional CERS invoices have been adjusted. Hope to have this paid and refund to employee by end of FY20, provided funds are available.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-012 Payroll Calculations For Some Part Time Employees Are Not Correct

We noted several instances in which payroll calculations were not correct for part time employees. One employee is considered part time and does not participate in the County Employees Retirement System (CERS). This employee consistently works more than the 100 hours per month threshold for which employees must participate in CERS. For eight out of ten months tested, this employee exceeded 100 working hours per month as documented on timesheets, however, the employee was only compensated for 92 hours of working time for these same eight months. It appears the employee is maintaining an informal compensatory time system that is not reflected in the payroll processing system in order to fall below the threshold for retirement participation.

We also noted an employee that has one full time position and one part time position within the county government. This employee participates in CERS for the full time position, but wages earned for the part time position are not subject to retirement withholding or matching provisions. Finally, we noted one employee who consistently works less than 100 hours per month but is participating in the retirement system as if he were a full time employee.

Internal controls and review procedures over payroll processing are not adequate as further discussed in finding 2017-010.

There are errors in payroll calculations for part time employees that have gone undetected. Hours documented on timesheets do not agree to hours compensated, retirement benefits are not extended to all qualifying employees, wages subject to retirement benefits are understated on retirement reports, and participation in CERS is not applied consistently.

KRS 337.020 states, “[e]very employer doing business in this state shall, as often as semimonthly, pay to each of its employees all wages or salary earned to a day not more than eighteen (18) days prior to the date of that payment.” In addition, a strong internal control system requires supporting documentation for all hours worked and paid be reconciled to payroll summary reports in order to catch any errors, misstatement, or discrepancies. Ideally, this comparison or reconciliation should be performed by someone independent of the payroll process.

KRS 78.615(1)(a) established participation requirements for members of CERS and states, “[f]or employees who are not employed by a school board, service credit shall be allowed for each month contributions are deducted or picked up during a fiscal or calendar year, if the employee receives creditable compensation for an average of one hundred (100) hours or more of work per month based on the actual hours worked in a calendar or fiscal year. If the average number of hours of work is less than one hundred (100) hours per month, the employee shall be allowed credit only for those months he receives creditable compensation for one hundred (100) hours of work.” Furthermore, the fiscal court’s administrative code Chapter 5 states, “All employees working 100 or more hours per month (except seasonal employees who work a maximum of six (6) months per calendar year) must participate in the County Employment Retirement System.”

KRS 78.510(13)(a) defines compensation for retirement contribution purposes and states, “[e]xcept as provided by paragraph (b) or (c) of this subsection, means all salary, wages, and fees, including payments for compensatory time, paid to the employee as a result of services performed for the employer or for time during which the member is on paid leave, which are includable on the member's federal form W-2 wage and tax statement under the heading "wages, tips, other compensation", including employee contributions picked up after August 1, 1982, pursuant to KRS 78.610(4)[.]” According to this statute, all wages paid for all positions within a local governmental entity would be considered creditable compensation for employees who meet the participation threshold and would have to be reported as such to CERS.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-012 Payroll Calculations For Some Part Time Employees Are Not Correct (Continued)

We recommend the county implement procedures to ensure payroll calculations are reviewed for accuracy and compliance with laws and regulations. Likewise, we recommend the payroll clerk ensure all hours worked by employees are compensated in accordance with state and local regulations and that retirement participation is applied consistently among all classes of employees and follows applicable statutes regarding member participation.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Working with CERS as incorrect information is found. Hope to pay outstanding invoices by end of FY20, provided funds are available.

2017-013 Overtime Calculations And Compensatory Time Calculations Are Not Accurate And Time Records Do Not Agree To Amounts Paid To Employees

The Kentucky Labor Cabinet investigated overtime and compensatory time in 2016. As a result of this investigation, the Estill County Fiscal Court had to pay \$8,863 to six employees for overtime hours worked but not properly compensated. Our payroll testing revealed that the fiscal court still has not implemented an overtime and compensatory time policy and continues to allow employees keep track of their own compensatory time instead of paying overtime. The former finance officer did not keep track of any compensatory time through the payroll system.

Additionally, it was noted that one employee is paid two different salaries for two different positions from two different funds. During testing it was noted that the employee's timecard split the hours between the two positions, but the payroll summary indicated a full 80 hours per pay period for one position and the salary amount with no hours listed for the other position.

Testing also revealed that the former finance officer correctly accounts for her time worked on her timecard, however, only gets paid a portion of those hours. According to the finance officer's timecards, 1,362.75 hours were worked during fiscal year 2017, however, only 1,241.50 hours were paid according to payroll summaries. According to the investigation done by the Kentucky Labor Cabinet, the finance officer states she had no compensatory time that needed to be paid out.

The fiscal court lacks adequate controls over payroll processing as discussed in finding 2017-010. The former finance officer performs all calculations, prepares all reports, and maintains all documentation for payroll. There are no significant review or oversight procedures in place to ensure the completeness and accuracy of payroll information.

Estill County Fiscal Court had to back pay 6 employees for overtime not paid. Failure to implement a policy for compensatory leave time and failure to track compensatory time through the payroll system creates an opportunity for employees to take advantage of compensatory leave time and increases the risk that overtime violations will occur and go undetected.

Additionally, the risk of improper payments to employees increases when wages paid do not agree exactly to timecards and when time worked is not properly allocated to each position within the entity.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-013 Overtime Calculations And Compensatory Time Calculations Are Not Accurate And Time Records Do Not Agree To Amounts Paid To Employees (Continued)

KRS 337.320 states “[e]very employer shall keep a record of: (a) The amount paid each pay period to each employee; (b) The hours worked each day and each week by each employee; and (c) Such other information as the commissioner requires.” Strong internal controls over payroll processing require amounts paid to each employee agree exactly to the time records on file and require review and oversight over this process to ensure proper payments are made and all amounts recorded for payroll are complete and accurate.

Further, KRS 337.285 states, “(1) No employer shall employ any of his employees for a work week longer than forty (40) hours, unless such employee receives compensation for his employment in excess of forty (40) hours in a work week at a rate of not less than one and one-half (1-1/2) times the hourly wage rate at which he is employed... (4) Notwithstanding the provisions of subsection (1) of this section or any other chapter of the KRS to the contrary, upon written request by a county or city employee, made freely and without coercion, pressure, or suggestion by the employer, and upon a written agreement reached between the employer and the county or city employee before the performance of the work, a county or city employee who is authorized to work one (1) or more hours in excess of the prescribed hours per week may be granted compensatory leave on an hour-for-hour basis. Upon the written request by a county or city employee, made freely and without coercion, pressure, or suggestion by the employer, and upon a written agreement reached between the employer and the county or city employee before the performance of the work, a county or city employee who is not exempt from the provisions of the Federal Fair Labor Standards Act of 1938, as amended, 29 U.S.C. secs. 201 et seq., may be granted compensatory time in lieu of overtime pay, at the rate of not less than one and one-half (1-1/2) hours for each hour the county or city employee is authorized to work in excess of forty (40) hours in a work week.”

We recommend the fiscal court implement effective review and oversight for payroll processing to ensure hours recorded on time cards agree exactly to amounts paid. We also recommend the fiscal court develop a policy regarding compensatory time and abide by the policy. If compensatory time is earned or used, it should be recorded in the payroll system.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Time cards are approved by department heads, then reviewed by Finance Officer and Treasurer for correctness and compliance, corrections are made when needed. Over forty (40) hours worked in work week are paid at time and half (OT). CSEPP employees are salaried and receive comp time, Need to work on this.

2017-014 Wage Rates And Increases Were Not Documented In Personnel Files And The Fiscal Court Failed To Set The Jailer’s Salary As Required

The personnel files for employees did not contain supporting documentation for approved salaries/wage rates and pay increases. The fiscal court did not set the jailer’s salary by May 1 each year as required.

The fiscal court lacks adequate segregation of duties for payroll processing. The former finance officer performs all calculations, prepares all reports, and maintains all documentation for payroll. There are no significant review or oversight procedures in place to ensure the completeness and accuracy of payroll information.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-014 Wage Rates And Increases Were Not Documented In Personnel Files And The Fiscal Court Failed To Set The Jailer's Salary As Required (Continued)

The risk of improper compensation increases when adequate documentation of personnel actions is not maintained. Supporting documentation, as well as fiscal court approval, is necessary for pay increases to help protect against employees being unfairly overcompensated. The fiscal court is also in violation of KRS 441.245 for failure to set the jailer's salary.

According to KRS 64.530(1), with certain exceptions, "the fiscal court of each county shall fix the reasonable compensation of every county officer and employee...." Good internal controls require all personnel actions be documented in personnel files.

Additionally, KRS 441.245 states, "(1) The jailer who operates a full-service jail shall receive a monthly salary pursuant to any salary schedule in KRS Chapter 64 applicable to jailers operating a full-service jail from the county jail operating budget. (2) No jailer holding office in the Commonwealth on or after January 6, 1999, shall receive an annual salary of less than twenty thousand dollars (\$20,000). (3)(a) The salaries of jailers who are not subject to any salary schedule in KRS Chapter 64 may be set at a higher level if the salary does not exceed the constitutional salary limit applicable to jailers. These jailers' salaries shall at least equal the prior year's level and may be adjusted by the fiscal court for the change in the prior year's consumer price index according to the provisions of KRS 64.527. (b) For jailers governed by this subsection: 1. By May 1 of each year, the fiscal court shall pass a resolution detailing: a. The duties to be performed by the jailer in the upcoming fiscal year; and b. The compensation for the jailer for the upcoming fiscal year, including any cost-of-living adjustments according to the provisions of KRS 64.527."

We recommend the fiscal court implement effective controls and exercise adequate oversight over payroll processing to ensure all salaries and wage rates are approved by the fiscal court and this action is reflected in personnel files. We also recommend the fiscal court set the jailer's salary and job duties by May 1 each year in compliance with KRS 441.245.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Currently making notes in payroll system. Working on this. Jailer/Transport Officer salary was included in Jail Budget for FY 20 and FY 21.

Former Treasurer's Response: All payroll processing was prepared by Finance Officer and Dep Judge.

2017-015 The Revolving Payroll Account Reconciliation Was Not Complete And Accurate

The former treasurer prepared monthly bank reconciliations for the revolving payroll bank account. These reconciliations did not include receivables and liabilities that resulted from errors in payroll processing as noted in finding 2017-011. The fiscal court also pays health insurance premiums for other governmental agencies and is supposed to be reimbursed for those amounts. The former finance officer did not maintain records to determine if reimbursements were made timely and could not determine the balance due at year-end. Some agencies reimburse periodically and had not made the required reimbursements for a significant period of time. These issues affect the true balance in the revolving payroll account.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-015 The Revolving Payroll Account Reconciliation Was Not Complete And Accurate (Continued)

The fiscal court did not implement adequate procedures and oversight regarding the payroll process. The former finance officer received, processed, and maintained all supporting documentation for payroll. No effective review or oversight procedures were in place, resulting in undetected errors and misstatements. These errors and misstatements affect the revolving payroll account balance.

Failure to account for all items affecting the revolving payroll account balance, including receivables and liabilities not yet processed in the accounting system, increases the risk that these items are never properly resolved, especially if only one person has any knowledge of their existence.

Strong internal controls over the revolving payroll account require all items that affect the account to be properly summarized and included on the reconciliations whether or not those transactions have occurred or are due to occur in the future.

We recommend the fiscal court implement effective internal controls and oversight procedures regarding the revolving payroll account reconciliations to ensure completeness and accuracy.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Beginning January 2020 all matches are calculated with each payroll and transfers made before payroll released. All payroll expenses (health, retirement, tax) are reconciled. Clerk's payroll processed through Fiscal Court payroll system and reported with payroll. (Clerk still writes checks to his employees and check to payroll for all deduction/matches). Working on this, almost there, hopeful before FY 20 end.

Former Treasurer's Response: Payroll software did not include line item outstanding of receivables or liability. Finance Officer did not submit written reports to treasurer, detailing or reflecting O/S liability or receivables, therefore making the true balances inaccurate.

2017-016 Interfund Transfers Were Not Approved By The Fiscal Court And Were Not Recorded Properly

The fiscal court utilized interfund transfers to move money between funds as the necessity arose. Of the 57 transfers tested, 10 were not approved by the fiscal court. In two of these instances, a transfer amount was approved by the fiscal court but the amount transferred exceeded the amount approved. In the other eight instances, totaling \$146,132, the transfer was not approved by the fiscal court at all. We also noted several instances in which the approved transfer amount exceeded the amount actually transferred.

In addition, 11 transfers totaling \$88,090 were not recorded properly. Nine transfers were recorded as operating disbursements in the fund for the transfer of money out and recorded as operating receipts for the fund to which the money was transferred. In all nine instances, the money was transferred to reimburse expenses paid out of a different fund. Two transfers were recorded as a reduction of receipts when deposit errors occurred and grant monies were deposited into the wrong fund. Neither of these two deposit error corrections were approved by the fiscal court.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-016 Interfund Transfers Were Not Approved By The Fiscal Court And Were Not Recorded Properly
(Continued)

The fiscal court does not properly utilize a purchase order system, which limits the ability to properly plan and anticipate expected expenses. Without proper procedures in place to track upcoming expenses, the fiscal court is never entirely sure how much money is available in each fund, which is indicative of poor financial management practices and can result in cash flow issues. This sometimes requires unanticipated transfers between funds to cover expenses. Management has not established proper controls, review procedures, and oversight to ensure all cash transfers are approved by the fiscal court in amounts that agree to actual transfers made.

In reference to recording interfund transfers as operating receipts and disbursements, the former treasurer indicated she records these transfers this way to match disbursements to receipts in the same fund in order to properly track reimbursements from various funds to the general fund. The former treasurer thought this was the best way to handle these types of transactions.

The fiscal court is not fully informed of the financial activity of the county and cannot exercise adequate oversight with incomplete information. In addition, cash flow issues that contribute to the cash transfers have a significant impact on the county's ability to provide services to citizens and to meet financial obligations timely. Furthermore, improper oversight and inadequate controls over interfund transfers increases the risk of undetected improper transfers, such as transfers from restricted funds that are not returned by fiscal year end or transfers in excess of allowable amounts. Finally, the process of recording interund transfers as operating receipts and disbursements overstates receipts and disbursements for the affected funds. Operating receipts are essentially doubled for these transfers since the money is recorded as an operating receipt when deposited and recorded as an operating receipts again when transferred to the match the disbursement from a different fund. The same is true for disbursements. Recording certain transfers in this manner also increases the risk that the fiscal court is making financial decisions based on incorrect information.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* states "All transfers require a court order." In addition, a strong and properly implemented internal control system requires approval and oversight of all financial activity, especially moving money between funds. Even though matching and tracking disbursements is important, this process can be completed while still recording transfers properly. A strong and properly implemented internal control system requires all amounts transferred between funds be recorded as transfers in and transfers out of the appropriate funds.

We recommend the fiscal court implement proper controls, review procedures, and oversight for interfund transfers to ensure all are approved properly, are properly recorded, and are in compliance with applicable restrictions so that financial data is complete and accurate.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-016 Interfund Transfers Were Not Approved By The Fiscal Court And Were Not Recorded Properly
 (Continued)

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Interfund Transfers are approved by Fiscal Court before being made, amounts only vary if funds are not available to make full transfer at once. The Fiscal Court has authorized pre-approval for an Interfund Transfer from the general fund to the jail fund to cover Jail payroll and expenses of payroll. Payroll is pre-approved but Jail does not have funds to cover this, so a transfer is needed with each payroll. Interfund Transfers are being identified better and for specific amounts and claims – not just to move money. (911 Payroll Reimbursement/CSEPP reimbursements/jail claims with dates)

Former Treasurer's Response: All transfer requests prepared by treasurer were presented to FC for approval. Logged in Fiscal Books, not being involved in claims totaling, the amount of transfer was based on after the fact, when all claims owed were not shown to treasurer, finance officer did not use the purchase order system available in software.

2017-017 The Depository Institution Did Not Pledge Or Provide Sufficient Collateral To Protect Deposits
 And The Fiscal Court Did Not Have A Written Agreement To Protect Deposits

On August 31, 2016, the fiscal court's deposits of public funds were uninsured and unsecured in the amount of \$100,691. In addition, there was not a sufficient written agreement between the fiscal court and the depository institution, signed by both parties, securing the county's interest in the collateral.

The depository institution failed to provide sufficient collateral in accordance with statutes and both the depository institution and the fiscal court were unaware that there was not an adequate collateral security agreement in place. The depository institution and fiscal court have subsequently executed a valid collateral security agreement.

By not providing adequate collateral, deposits of public funds were at risk in the event of a bank failure.

According to KRS 66.480(1)(d) and KRS 41.240, financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$250,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). In addition, there must be a written agreement for pledged securities and, as outlined in federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (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.

We recommend the fiscal court ensure a valid collateral security agreement is in place at all times to secure the county's interest in the collateral pledged or provided by the depository institution. We also recommend the fiscal court implement procedures to ensure the depository institution is properly monitoring bank balances and providing adequate coverage of public funds.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-017 The Depository Institution Did Not Pledge Or Provide Sufficient Collateral To Protect Deposits And The Fiscal Court Did Not Have A Written Agreement To Protect Deposits (Continued)

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Have copies prior years. Bank has insurance now. They don't issue agreements anymore. Per bank April 15, 2020.

Former Treasurer's Response: Written agreement from [name redacted] Bank & ECFC was in force. Report was received via email monthly and placed in Pledge Security folder for documentation.

2017-018 The Former Estill County Judge/Executive Executed A Loan Before Obtaining Fiscal Court Approval

The former county judge/executive executed a four year loan totaling \$31,400 for the purchase of a transport van for the jailer. The loan was dated June 28, 2017 but the county judge/executive did not receive fiscal court approval to execute the loan until June 30, 2017.

The former county judge/executive was aware that fiscal court approval should be obtained before contacting the bank and executing loan documents, however, he decided to execute the loan anyway and get fiscal court approval at the next meeting.

The risk of misappropriation of government resources increases when management intentionally circumvents oversight procedures. Additionally, there is an increased risk that loans, leases, or other debt will be incurred without the knowledge of the fiscal court.

Good internal control systems require fiscal court approval for all actions, especially those that obligate government resources for a significant time period. Proper oversight is an essential component of a strong internal control structure. If management intentionally overrides existing controls and oversight procedures, the control structure is ineffective and essentially worthless.

We recommend the fiscal court implement effective internal control procedures to ensure adequate oversight and review of all debt, leases, notes, etc. is in place.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Fiscal Court approves all expenses, agreements beforehand. Judge DOES NOT/WILL NOT sign any agreements before the Fiscal Court approval.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-019 The Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

The fiscal court entered into loan agreements in the amounts of \$60,050 for the purchase of road equipment and \$31,400 for the purchase of a jail transport vehicle. These transactions were not reflected in the county's bank activity, budget process, or fourth quarter financial report as these funds were paid directly to the vendor by the financing entity.

The treasurer was not aware that these transaction should be reflected on the county's financial information. As a result, the fiscal court failed to properly budget and record \$91,450 in debt related receipts and disbursements for the fiscal year.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires all borrowed money that is not part of the original budget be amended into the budget and be properly reflected on the financial report. Further, KRS 68.280 states, "[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby."

We recommend the fiscal court comply with regulatory reporting requirements by budgeting and recording all borrowed money, including those transactions handled by a third-party lender.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Working on this. Continuing to train and implement quality control with software.

Former Treasurer's Response: Noted. County Treasurer discussed with dep judge & judge improper procedures.

2017-020 The Estill County Fiscal Court Did Not Classify Debt Service Payments Properly

The Estill County Fiscal Court did not classify debt service payments properly. Two leases were noted in which the entire amount paid was classified a lease principal paid instead of split between principal and interest paid. We noted payments (totaling \$21,074) for one lease were recorded in an operating account code instead of a debt service account code.

The fiscal court failed to implement adequate internal controls, oversight, and review to ensure debt payments were properly recorded and classified. A simple review of these transactions would have revealed this error. The risk of material misstatements and undetected errors increases when proper internal controls, oversight, and review procedures are not implemented.

Good internal controls over the processing and review of financial reporting could eliminate these errors. It is important to separate debt payments (which are ongoing obligations) from operating expenditures in order to properly budget, plan, and allocate resources in accordance with the needs of the county. It is easier to ensure debt payments are being made timely and it is easier to ensure the county doesn't over-extend financial resources when all expenditures are properly classified.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-020 The Estill County Fiscal Court Did Not Classify Debt Service Payments Properly (Continued)

We recommend that fiscal court implement adequate internal controls, oversight, and review procedures to ensure all debt service payments are recorded in the correct classification.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Working on this. Continuing to train and implement quality control with software.

Former Treasurer's Response: Discussed with Finance Officer the importance of principal & interest be paid from correct disbursement line.

2017-021 The Jailer Did Not Maintain Adequate Controls Over The Jail Commissary Fund

This is repeat finding and was included in the prior year report as finding 2016-003. The jailer lacked strong internal controls over the jail commissary fund. The jailer did not have controls in place over the jail commissary activities. As a result of a lack of controls we noted the following:

- An annual jail commissary report was not prepared.
- Monthly bank reconciliations were not performed.
- Deposits were not made on a daily basis and were not reconciled to supporting documentation.
- Prenumbered receipt forms were not issued and were not batched daily.
- Bond fees collected were not remitted to the fiscal court as required.
- The jail commissary expended \$9,693 on disallowed items.
- Duplicate payments were made to a vendor from both the jail commissary and jail fund in the amount of \$4,205.
- Checks written by another employee of the jail were not reviewed by the jailer. Dual signatures were not required on checks.
- The jailer and another employee of the jail used a debit card to purchase items to sell at the jail commissary.
- Invoices were not paid within 30 days.
- Refunds due back to the inmates at the time of their release or when the jail was shut down were not paid by check, but were paid with cash with no supporting documentation.

Good internal controls require the jailer to have adequate review procedures in place to ensure that commissary receipts and disbursements are properly handled and recorded.

We recommend the jailer ensure that adequate controls are maintained over the jail commissary fund.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Do not have full service jail at this time.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-022 The Jailer Did Not Have Adequate Segregation of Duties Over Jail Commissary Accounting Functions

A lack of segregation of duties existed over the jail commissary. The jailer or another employee collected receipts, prepared deposits, recorded entries on inmate accounts, and prepared checks for disbursements. According to the jailer, he did not have the resources to properly segregate the duties of the jail commissary. A lack of segregation of duties increased the risk of misappropriation of assets, errors, and inaccurate financial reporting. Good internal controls require that the duties of receiving cash, making deposits, and recording transactions be segregated. We recommend the duties of the jail commissary fund be segregated.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Do not have full service jail at this time.

2017-023 The Jailer Did Not Prepare And Submit An Annual Jail Commissary Report To The County Treasurer

This is a repeat finding and was included in the prior year report as finding 2016-003. The jailer did not prepare and submit an annual jail commissary report to the county treasurer. The jailer was aware of the requirement to prepare and submit a canteen report but chose not to. As a result, the county is unaware of the activities of the jail commissary. KRS 441.135(2) states “[t]he jailer shall keep books of accounts of all receipts and disbursements from the canteen and shall annually report to the county treasurer on the canteen account.” We recommend the jailer submit an annual canteen report to the county treasurer at the end of each fiscal year.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Do not have full service jail at this time.

2017-024 The Jailer Did Not Handle Receipts Properly And Did Not Make Daily Deposits

This is a repeat finding and was included in the prior year report as finding 2016-003. The jailer did not issue pre-numbered receipts and did not batch receipts daily. Also, the jailer did not deposit inmate monies received on a daily basis. The jailer does not have internal controls in place to ensure that pre-numbered receipt forms were issued, batched daily, and deposited timely. As a result, the opportunity for the misappropriation and theft of receipts increases.

KRS 64.840(2) states “[o]ne (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit.” KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to make daily deposits. The practice of making daily deposits reduces the risk of misappropriation of cash, which is the asset most subject to possible theft.

We recommend the jailer ensure that receipts are properly handled and deposited in a timely manner.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-024 The Jailer Did Not Handle Receipts Properly And Did Not Make Daily Deposits (Continued)

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Do not have full service jail at this time.

2017-025 The Jailer Paid For Plumbing Repairs From The Jail Commissary That Were Also Paid For From The Jail Fund

The jailer paid for plumbing repairs from the jail commissary totaling \$4,205 that were also paid for from the jail fund. The finance officer of the county had the original invoices from the contractor for the plumbing repairs and the jailer's commissary filed included copies of the same invoices. Two payments made by the jail fund totaling \$1,905 were endorsed by the contractor and deposited back into the jail commissary.

According to the jailer, he was aware that the payments to the contractor were not supposed to be paid from the jail commissary account. He said that the contractor needed to be paid and once the jail fund paid the contractor that those checks were to be deposited back into the jail commissary.

As a result, there were invoices were paid twice totaling \$4,205. Of that amount, \$1,905 was deposited back into the jail commissary, leaving \$2,300 that was paid twice to the contractor.

Good internal controls require that original invoices be maintained for all disbursements which should be properly marked paid to prevent duplicate payment.

We recommend the jailer stop the practice of paying for jail repairs from the jail commissary with the intent to repay the jail commissary from the check written by the jail fund.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Do not have full service jail at this time.

2017-026 The Jailer Did Not Use Commissary Profits For Allowable Items

The jailer expended a total of \$9,693 from the jail commissary that should have been paid for from the jail fund which would have been reviewed by the fiscal court. The disallowed items are as follows:

- Plumbing repairs totaling \$2,975
- A new water heater in the amount of \$4,929
- Installation of a new water heater in the amount of \$1,460
- Tasers in the amount of \$329

According to the jailer, he was aware that these items were not allowed to be paid from the jail commissary fund, but he needed them and decided to purchase them anyway.

**ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)**

Section II: Financial Statement Findings (Continued)

2017-026 The Jailer Did Not Use Commissary Profits For Allowable Items (Continued)

As a result, the jailer is in violation of KRS 441.135. The jailer circumvented the internal controls of the fiscal court by purchasing this through the jail commissary, since jail commissary disbursements are not approved by the fiscal court.

KRS 441.135(2) states that “[a]ll profits from the canteen shall be used for the benefit and to enhance the well-being of the prisoners...” KRS 441.135(3) states that “[a]ll allowable expenditures from a canteen account shall include but not be limited to recreational, vocational, and medical purposes.”

We recommend the jailer ensure that profits from the commissary fund are in compliance with KRS 441.135.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Do not have full service jail at this time.

2017-027 The Jail Commissary Used A Debit Card For Purchases

The jailer and another employee of the jail used a debit card to make purchases for the jail commissary. The jailer was unaware that use of a debit card which allows immediate electronic payment of expenses was an unacceptable form of disbursement. The user of the debit card has the unmonitored opportunity to spend the jail commissary funds. Disbursements are not being reviewed and approved prior to payment, which could allow misuse of jail commissary funds.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires all disbursements to be made by check only.

We recommend the jailer ensure that disbursements are made by check only.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Do not have full service jail at this time.

2017-028 The Jailer Did Not Pay Jail Commissary Invoices Timely

At least seven invoices in our sample of forty-four disbursements were not paid within 30 working days. This condition is a result of a lack of internal controls. Failure to pay invoices timely results in non-compliance with statutes and can result in late fees and other penalties. KRS 65.140 states, “[a]ll bills shall be paid within thirty (30) working days of receipt of goods and services or a vendor’s invoice.” We recommend the jailer pay invoices within 30 days.

Views of Responsible Official and Planned Corrective Action:

Current Management’s Response: Do not have full service jail at this time.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section II: Financial Statement Findings (Continued)

2017-029 The Jailer Did Not Properly Close Out The Commissary Account

The jailer maintained a commissary for the benefit of the inmates. The jail was closed on March 31, 2017. The commissary bank account remains open with a current bank balance of \$12,331. Of that balance, we have determined that \$3,900 is comprised of bond fees which are due to the county's jail fund. The remaining \$8,431 is considered profit of the jail commissary. Jail commissary profits can be used for recreational, vocational, and medical purposes. It is also allowable for jail commissary profits to be used to offset the cost of the salary of the jail employee operating the jail commissary. The jailer did not have adequate internal controls over the jail commissary and did not ensure that it was closed out properly. As a result, the jail commissary bank account has funds that can be paid to the county's jail fund to help offset jail related costs.

KRS 441.135(1) states, "[t]he jailer may maintain a canteen for the benefit of prisoners lodged in the jail and may assign such jail employees and prisoners to operate the canteen as are necessary for efficient operation."

We recommend the jailer close out the jail commissary account by paying \$3,900 to the jail fund for bond fees. Further, we recommend the jailer pay to the remaining \$8,431 to the jail fund to reimburse a portion of the salary of the employee that operated the jail commissary.

Views of Responsible Official and Planned Corrective Action:

Current Management's Response: Funds have been turned over to Fiscal Court and have been deposited to Fiscal Court.

Section III: Federal Award Findings And Questioned Costs

2017-030 The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs

Federal Program: CFDA #97.040, Chemical Stockpile Emergency Preparedness Program

Federal Agency: U.S. Department of Homeland Security

Pass Through Agency: Department of Military Affairs

Compliance Area: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Procurement and Suspension and Debarment, Reporting

Questioned Costs: None

Audit Opinion: Disclaimer

Estill County expended \$693,095 for the Chemical Stockpile Emergency Preparedness Program (CSEPP) during the fiscal year ending June 30, 2017. Due to issues found during the audit of the financial statement of the Estill County Fiscal Court, we cannot rely on the design and implementation of the internal controls over compliance with the types of requirements that could have a direct and material effect on CSEPP. Although our testing did not reveal any exceptions or questioned costs for federal awards, we note that the internal control structure and management override of controls as discussed in finding 2017-001 increases the risk associated with federal awards since these transactions are processed in the same internal control environment as other county expenditures where numerous problems have been noted. CSEPP awards do have a review process at the state level before transactions are approved so this provides some assurance that expenditures are reasonable, necessary, and adequately documented. However, management override of controls is a risk that cannot be reduced even with state level review procedures in place.

ESTILL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2017
(Continued)

Section III: Federal Award Findings And Questioned Costs (Continued)

2017-030 The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs (Continued)

The issues found during the audit of the financial statement were caused by a lack of internal controls or by override by the management of the Estill County Fiscal Court.

As a result, there is an increased risk that the Estill County Fiscal Court is in noncompliance with the requirements that have a direct and material effect on CSEPP.

In order to comply with Uniform Guidance requirements regarding federal grants, the entity must establish adequate internal controls to ensure compliance with each major program's applicable compliance requirements.

We recommend the fiscal court ensure that internal controls over federal awards and design and implement controls that will ensure material compliance with applicable requirements for all federal awards.

Views of Responsible Official and Planned Corrective Action: *CSEPP is required to undergo sub-recipient monitoring. To continue the receipt of Federal funding CSEPP was audited from 2014-2017, every item was reviewed (it was not random) no discrepancies were found. As issues are found, the Treasurer and Director work together to find better way to track everything.*

Prepared by: *Donnie Watson, County Judge Executive and Freida Lancaster, Estill County Treasurer*

Date Prepared: *May 4, 2020*

Person Responsible for Corrective Action Plan: *Donnie Watson, Estill County Judge Executive*

Anticipated Completion Date: *None provided by official.*

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

ESTILL COUNTY FISCAL COURT

For The Year Ended June 30, 2017

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

For The Fiscal Year Ended June 30, 2017

The Estill 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.



County Judge/Executive



County Treasurer

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**VIEWS OF RESPONSIBLE OFFICIALS
AND PLANNED CORRECTIVE ACTION**

ESTILL COUNTY FISCAL COURT

For The Year Ended June 30, 2017

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Donnie Watson

Estill County Judge Executive

130 Main Street Room 101

Irvine, KY 40336

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Fax: 606-723-5471

E-mail: donniew@estillcounty.net

Note to Respondent: This is a draft document and is not intended for release.

Title:

2017-030 The Fiscal Court Lacks Adequate Internal Controls Over Federal Programs

Views of Responsible Official and Planned Corrective Action:

CSEPP is required to undergo sub-recipient monitoring.

To continue the receipt of Federal funding CSEPP was audited from 2014-2017, every item was reviewed (it was not random) no discrepancies were found.

As issues are found Treasurer and Director work together to find better way to track everything.

Prepared by: Donnie Watson Estill County Judge Executive and Estill County Treasurer Freida Lancaster

Date Prepared: May 04, 2020

Person Responsible for Corrective Action Plan: Donnie Watson Estill County Judge Executive

Anticipated Completion Date:

A handwritten signature in blue ink that reads "Donnie Watson".

The County Judge/Executive gave approval to include the above corrective action plan response for finding 2017-030 in the audit report.