

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

**For The Fiscal Year Ended  
June 30, 2015**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT OF THE MORGAN COUNTY FISCAL COURT**

**June 30, 2015**

The Auditor of Public Accounts was engaged to audit the Morgan County Fiscal Court for fiscal year ended June 30, 2015, and we have issued a disclaimer of opinion on the financial activities of the Morgan County Fiscal Court.

Morgan County Real Properties I, Inc., and Morgan County Real Properties II, Inc., are Kentucky nonprofit, tax-exempt corporations created for the sole purpose of acquiring and financing certain infrastructure. We were not engaged as auditors of the Morgan County Real Properties I and II Corporation Funds and we were unable to obtain audited financial statements to support the Morgan County Real Properties I and II Corporation Funds for the year ended June 30, 2015. The Morgan County Real Properties I and II Corporation Funds are part of the Morgan County Fiscal Court's reporting entity. The omission of the Morgan County Real Properties I and II Corporation Funds is considered a material omission of the Morgan County Fiscal Court's financial statement. The significance of this issue prevents us from expressing an opinion on the financial statement of the Morgan County Fiscal Court.

#### **Report Comments:**

- 2015-001 The Morgan County Fiscal Court's General Fund And Jail Fund Have Deficit Balances Due To Inappropriate Disbursements
- 2015-002 The Morgan County Fiscal Court Paid Transfer Station Disbursements From The Road Fund
- 2015-003 The Morgan County Fiscal Court Did Not Pay Invoices Within 30 Working Days
- 2015-004 The Morgan County Fiscal Court Public Properties Corporation Disbursements Were Not Approved By The Project Development Board
- 2015-005 The Morgan County Fiscal Court Lacks Internal Controls Over The Real Properties I and Real Properties II Corporations



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CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM





**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable Stanley Franklin, Morgan County Judge/Executive  
Members of the Morgan 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 Statement of the Morgan County Fiscal Court, as of and for the year ended June 30, 2015.

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

**Basis for Disclaimer of Opinion**

We were not engaged as auditors of the Morgan County Real Properties I and II Corporation Funds and we were unable to obtain audited financial statements to support the Morgan County Real Properties I and II Corporation Funds at June 30, 2015. The Morgan County Real Properties I and II Corporation Funds are part of the Morgan County Fiscal Court's reporting entity. The omission of the Morgan County Real Properties I and II Corporation Funds is considered a material omission of the Morgan County Fiscal Court's financial statement.



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

### **Disclaimer of Opinion**

Because of the significance of the matter 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2017, on our consideration of the Morgan 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 Morgan County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Comments and Recommendations included herein, which discuss the following report comments:

- 2015-001 The Morgan County Fiscal Court's General Fund And Jail Fund Have Deficit Balances Due To Inappropriate Disbursements
- 2015-002 The Morgan County Fiscal Court Paid Transfer Station Disbursements From The Road Fund
- 2015-003 The Morgan County Fiscal Court Did Not Pay Invoices Within 30 Working Days
- 2015-004 The Morgan County Fiscal Court Public Properties Corporation Disbursements Were Not Approved By The Project Development Board
- 2015-005 The Morgan County Fiscal Court Lacks Internal Controls Over The Real Properties I and Real Properties II Corporations

Respectfully submitted,



Mike Harmon  
 Auditor of Public Accounts

August 7, 2017



MORGAN COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

Stanley Franklin	County Judge/Executive
Jon Brown	Magistrate
Denzil Potter	Magistrate
Brandon Evans	Magistrate
Anthony Lykins	Magistrate
Stanley Riggsby	Magistrate

**Other Elected Officials:**

Myles Holbrook	County Attorney
Jimmy D. Easterling	Jailer
Randy Williams	County Clerk
Mary Coffey	Circuit Court Clerk
Anthony Gullett	Sheriff
Darby Franklin	Property Valuation Administrator
Raymond Vanleave	Coroner

**Appointed Personnel:**

Linzey Lewis	County Treasurer
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**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**

**For The Year Ended June 30, 2015**



**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**

**For The Year Ended June 30, 2015**

**Morgan County Fiscal Court**  
**Financial Statement**  
Fiscal Year 2014-2015  
As Of: June 30, 2015

SECTION I

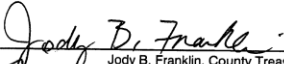
**SUMMARY**

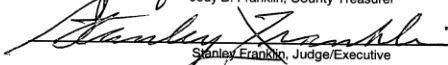
	General	Road	Jail	L.G.E.A.	Forest Fire	Special Proj.	Total
Total Receipts To-Date	2,498,377.75	2,546,698.46	455,952.62		3,783.00	297,926.10	5,802,737.93
Total Claims Paid To-Date	2,399,945.84	2,174,167.53	450,240.72		3,783.00	107,252.22	5,135,389.31
Cash Balance	98,431.91	372,530.93	5,711.90			190,673.88	667,348.62
Total Encumbrances	21,414.60	11,438.74	2,376.24			135.00	35,364.58
Unencumbered Cash Balance	77,017.31	361,092.19	3,335.66			190,538.88	631,984.04

**RECONCILIATION**

	General	Road	Jail	L.G.E.A.	Forest Fire	Special Proj.	Total
Bank Balance	103,546.81	372,638.91	5,401.00			191,173.88	672,760.60
Deposits in Transit +							
Outstanding Checks -	9,162.10	107.98	107.50			500.00	9,877.58
Other Investments +	4,047.20		418.40				4,465.60
Cash Balance =	98,431.91	372,530.93	5,711.90			190,673.88	667,348.62

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

  
\_\_\_\_\_  
Jody B. Franklin, County Treasurer

  
\_\_\_\_\_  
Stanley Franklin, Judge/Executive

7/7/15  
\_\_\_\_\_  
Date

7/7/15  
\_\_\_\_\_  
Date

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
<b>General Fund</b>								
01-4101-	REAL ESTATE TAXES	170,000.00		170,000.00	156,364.93	156,364.93	92.0%	13,635.07
01-4101-	-002 ROWAN CO. PROPERTY TAX	15,000.00		15,000.00				15,000.00
01-4102-	TANGIBLE PERSONAL PROPERTY TAX	11,000.00		11,000.00	20,892.07	20,892.07	189.9%	(9,892.07)
01-4103-	MOTOR VEHICLE TAXES	53,000.00		53,000.00	42,035.25	42,035.25	79.3%	10,964.75
01-4104-	DELINQUENT PROPERTY TAXES	10,000.00		10,000.00	5,976.66	5,976.66	59.8%	4,023.34
01-4107-	UNMINED MINERALS TAX	100.00		100.00	485.44	485.44	485.4%	(385.44)
01-4107-	-002 OIL & GAS TAXES	1,500.00		1,500.00	410.41	410.41	27.4%	1,089.59
01-4113-	SOLID WASTE FEES	110,000.00		110,000.00	106,428.94	106,428.94	96.8%	3,571.06
01-4130-	BANK FRANCHISE TAX	35,000.00		35,000.00	19,813.94	19,813.94	56.6%	15,186.06
01-4131-	FRANCHISE CORPORATION	25,000.00		25,000.00	45,526.99	45,526.99	182.1%	(20,526.99)
01-4134-	ROWAN CO. PAYROLL & PROFIT TAX	40,000.00		40,000.00	91,339.54	91,339.54	228.3%	(51,339.54)
01-4134-	-002 OCCUPATIONAL LICENSE TAX	400,000.00		400,000.00	388,792.34	388,792.34	97.2%	11,207.66
01-4134-	-003 OCCUPATIONAL TAX PENALTIES							
01-4135-	DEED TRANSFER TAX	9,500.00		9,500.00	9,182.15	9,182.15	96.7%	317.85
01-4137-	INSURANCE PREMIUM TAX	425,000.00		425,000.00	434,908.46	434,908.46	102.3%	(9,908.46)
01-4140-	E 911 PHONE SURCHARGE	50,000.00		50,000.00	52,758.86	52,758.86	105.5%	(2,758.86)
01-4204-	FEDERAL PAYMENT IN LIEU				34,482.00	34,482.00		(34,482.00)
01-4302-	EXCESS FEES CLERK	10,000.00		10,000.00	3,849.18	3,849.18	38.5%	6,150.82
01-4304-	EXCESS FEES SHERIFF	80,000.00		80,000.00	62,008.50	62,008.50	77.5%	17,991.50
01-4417-	TELECOMMUNICATIONS TAX	2,500.00		2,500.00				2,500.00
01-4503-	FEMA DR-4057 TORNADO EXP REIMBURSEMENTS							
01-4503-	-002 FEMA GRANT - NEW MKT TAX CREDIT							
01-4507-	FLOOD CONTROL PAYMENT	675.00		675.00	2,077.29	2,077.29	307.7%	(1,402.29)
01-4510-	EMS GRANT	11,000.00	3,495.00	14,495.00	13,495.00	13,495.00	93.1%	1,000.00
01-4510-	-001 ARC GRANT - NEW MARKET TAX CREDIT							
01-4510-	-002 CDBG GRANT - SENIOR CTR # 12-037							
01-4510-	-006 LIBRARY DEBT FUNDING PAYMENT	183,250.00		183,250.00	183,250.00	183,250.00	100.0%	

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
01-4520-	ELECTION EXPENSE REIMBURSEMENT	7,200.00		7,200.00	4,776.00	4,776.00	66.3%	2,424.00
01-4521-	BOARD OF ASSESSMENT APPEALS	300.00		300.00	200.00	200.00	66.7%	100.00
01-4522-	LEGAL PROCESS TAX	100.00		100.00	61.19	61.19	61.2%	38.81
01-4526-	STRIP MINE PERMIT FUND	300.00		300.00				300.00
01-4527-	COAL SEVERANCE GRANT - TECH CENTER				14,353.58	14,353.58		(14,353.58)
01-4527-	-002 COAL SEVERANCE GRANT - RESCUE SQUAD		2,258.96	2,258.96	2,258.96	2,258.96	100.0%	
01-4532-	JUDICIAL CENTER RENTAL	144,883.26	83,103.80	227,987.06	248,803.00	248,803.00	109.1%	(20,815.94)
01-4542-	DES EMA REIMBURSE	5,000.00		5,000.00	14,790.21	14,790.21	295.8%	(9,790.21)
01-4699-	AG DEVELOPMENT ADMIN FEES	9,500.00		9,500.00				9,500.00
01-4706-	SALE OF MACK TRUCK							
01-4711-	RENTAL OF POST OFFICE BUILDING	660.00		660.00	605.00	605.00	91.7%	55.00
01-4711-	-002 SUBLEASE TO AMBULANCE SERVICE	40,000.00		40,000.00	72,364.56	72,364.56	180.9%	(32,364.56)
01-4711-	-005 FACILITY RENT TO GATEWAY COMM SVCS	58,000.00		58,000.00	61,541.86	61,541.86	106.1%	(3,541.86)
01-4711-	-008 FACILITY RENT GATEWAY / WIA	10,000.00		10,000.00	8,374.00	8,374.00	83.7%	1,626.00
01-4711-	-009 FACILITY RENT - COMMERCIAL BANK - OPS	37,680.00		37,680.00	39,564.00	39,564.00	105.0%	(1,884.00)
01-4727-	PVA INSURANCE REIMBURSEMENT							
01-4727-	-002 INSURANCE REIMBURSEMENT BY EMPLOYEES	7,500.00		7,500.00	9,403.67	9,403.67	125.4%	(1,903.67)
01-4727-	-007 REBATE FROM KACO LEASING	45,000.00		45,000.00	32,301.39	32,301.39	71.8%	12,698.61
01-4731-	MISC. REVENUE	1,000.00		1,000.00	274,188.01	274,188.01	418.8%	(273,188.01)
01-4806-	INTEREST, BANK	1,000.00		1,000.00	1,798.67	1,798.67	179.9%	(798.67)
	<b>TOTAL REVENUES GENERAL FUND</b>	<b>2,010,648.26</b>	<b>88,857.76</b>	<b>2,099,506.02</b>	<b>2,459,462.05</b>	<b>2,459,462.05</b>	<b>117.1%</b>	<b>(359,956.03)</b>
01-4901-	PRIOR YEAR CARRYOVER MM	204,943.48		204,943.48		124,012.70	60.5%	80,930.78
01-4903-	PRIOR YEAR ADJUSTMENT							
01-4909-	TRANSFER OUT	(345,341.76)		(345,341.76)	(349,567.17)	(349,567.17)		4,225.41
01-4910-	TRANSFER IN	172,563.77		172,563.77	264,470.17	264,470.17	153.3%	(91,906.40)

**MORGAN COUNTY  
FOURTH QUARTER FINANCIAL STATEMENT  
For The Year Ended June 30, 2015  
(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

*As Of: 06/30/2015*

*Period From: 07/01/2014 To: 06/30/2015*

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
	TOTAL RECEIPTS GENERAL FUND	2,042,813.75	88,857.76	2,131,671.51	2,374,365.05	2,498,377.75	117.2%	(366,706.24)



**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
<b>Road Fund</b>								
02-4205-	NAT'L FOREST REC	40,000.00		40,000.00	35,648.53	35,648.53	89.1%	4,351.47
02-4504-	EDA BRIDGE PROJECT GRANT PROCEEDS		782,500.00	782,500.00	344,078.80	344,078.80	44.0%	438,421.20
02-4506-312-00	BRIDGE CONSTRUCTION REIMBURSEMENT							
02-4510-	RURAL SECONDARY ALLOTMENT	196,490.00		196,490.00				196,490.00
02-4513-	3% EMERGENCY MONEY - CRA		215,200.00	215,200.00	78,000.00	78,000.00	36.2%	137,200.00
02-4514-	FLEX FUNDS		116,550.00	116,550.00	116,550.00	116,550.00	100.0%	
02-4516-	TRUCK LICENSES	204,285.00		204,285.00	197,273.32	197,273.32	96.6%	7,011.68
02-4517-	DRIVERS LICENSES				1,143.50	1,143.50		(1,143.50)
02-4518-	CO. ROAD AID	1,277,336.00		1,277,336.00	1,249,854.96	1,249,854.96	97.8%	27,481.04
02-4706-	SALE OF MACK TRUCK	125,000.00		125,000.00				125,000.00
02-4731-	MISC. REVENUE	1,000.00		1,000.00				1,000.00
02-4806-	INTEREST, BANK	3,500.00		3,500.00				3,500.00
TOTAL REVENUES ROAD FUND		1,847,611.00	1,114,250.00	2,961,861.00	2,022,549.11	2,022,549.11	68.3%	939,311.89
02-4901-	PRIOR YEAR CARRYOVER	500.00		500.00		450,518.71	103.7%	(450,018.71)
02-4903-	ADJUSTMENT TO PRIOR YEAR							
02-4909-	TRANSFER OUT	(172,563.77)		(172,563.77)	(271,563.77)	(271,563.77)		99,000.00
02-4910-	TRANSFER IN	42,000.00		42,000.00	345,194.41	345,194.41	821.9%	(303,194.41)
02-4911-	BORROWED MONEY							
TOTAL RECEIPTS ROAD FUND		1,717,547.23	1,114,250.00	2,831,797.23	2,096,179.75	2,546,698.46	89.9%	285,098.77

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
<b>Jail Fund</b>								
03-4533-	JAIL OPERATION	72,000.00		72,000.00	67,593.72	67,593.72	93.9%	4,406.28
03-4534-	JAIL MEDICAL ALLOTMENT	4,000.00		4,000.00	4,062.44	4,062.44	101.6%	(62.44)
03-4535-	COURT COSTS, JAIL	2,800.00		2,800.00	5,667.45	5,667.45	202.4%	(2,867.45)
03-4538-	D.U.I. SERV FEE	2,500.00		2,500.00	1,210.06	1,210.06	48.4%	1,289.94
03-4567-	HB 413 ADD'L COURT COSTS	10,000.00		10,000.00	9,983.67	9,983.67	99.8%	16.33
03-4618-	RECOUPMENT OF JAIL COSTS	30,500.00		30,500.00	21,260.92	21,260.92	69.7%	9,239.08
03-4699-	TRANSPORTATION REIMBURSEMENT	20,000.00		20,000.00	20,662.57	20,662.57	103.3%	(662.57)
03-4731-	MISC. REVENUE	100.00		100.00	5,209.20	5,209.20	209.2%	(5,109.20)
03-4806-	INTEREST, BANK	100.00		100.00				100.00
<b>TOTAL REVENUES JAIL FUND</b>		<b>142,000.00</b>		<b>142,000.00</b>	<b>135,650.03</b>	<b>135,650.03</b>	<b>95.5%</b>	<b>6,349.97</b>
03-4901-	PRIOR YEAR CARRYOVER	500.00		500.00		13,823.08	764.6%	(13,323.08)
03-4909-	TRANSFER OUT				(27,649.44)	(27,649.44)		27,649.44
03-4910-	TRANSFER IN	419,841.76		419,841.76	334,128.95	334,128.95	79.6%	85,712.81
<b>TOTAL RECEIPTS JAIL FUND</b>		<b>562,341.76</b>		<b>562,341.76</b>	<b>442,129.54</b>	<b>455,952.62</b>	<b>81.1%</b>	<b>106,389.14</b>

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
<b>L.G.E.A. Fund</b>								
04-4527-	COAL SEVERANCE TAX	80,000.00		80,000.00	168,693.61	168,693.61	210.9%	(88,693.61)
04-4528-	COAL IMPACT				58,631.40	58,631.40		(58,631.40)
04-4529-	MINERAL SEVER TAX	60,000.00		60,000.00	83,020.31	83,020.31	138.4%	(23,020.31)
04-4806-	INTEREST, BANK							
TOTAL REVENUES LOCAL GOVERNMENT ECONOMIC ASSI		140,000.00		140,000.00	310,345.32	310,345.32	221.7%	(170,345.32)
04-4901-	PRIOR YEAR CARRYOVER					35,235.00		(35,235.00)
04-4909-	TRANSFER OUT ROAD FUND				(239,513.51)	(239,513.51)		239,513.51
04-4909-	-001 TRANSFER TO GENERAL FUND				(29,906.40)	(29,906.40)		29,906.40
04-4909-	-002 TRANSFER TO ROAD	(42,000.00)		(42,000.00)				(42,000.00)
04-4909-101-	TRANSFER TO JAIL	(98,000.00)		(98,000.00)	(76,160.41)	(76,160.41)		(21,839.59)
04-4910-	-001 TRANSFER IN							
TOTAL RECEIPTS LOCAL GOVERNMENT ECONOMIC ASSIS		0.00			(35,235.00)	0.00		(0.00)

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rovd	Anticipated FY Revenues
<b>Forest Fire Fund</b>								
12-4112-	TIMBERLAND TAXES	3,500.00	263.00	3,763.00				3,763.00
12-4806-	INTEREST, BANK	20.00		20.00				20.00
	TOTAL REVENUES FOREST FIRE PROTECTION FUND	3,520.00	263.00	3,783.00				3,783.00
12-4901-	PRIOR YEAR CARRYOVER							
12-4910-	TRANSFERS IN				3,783.00	3,783.00		(3,783.00)
	TOTAL RECEIPTS FOREST FIRE PROTECTION FUND	3,520.00	263.00	3,783.00	3,783.00	3,783.00	100.0%	

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**

SECTION II

**Revenue Condition Report**

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Total Budgeted	Total Received This Period	Total Received Since July	%Rcvd	Anticipated FY Revenues
<b>Special Proj. Fund</b>								
75-4504-	- LITTER ABATEMENT GRANT	26,500.00		26,500.00	26,376.67	26,376.67	99.5%	123.33
75-4504-366-	PRIDE EDUCATION OUTREACH PROGRAM		4,618.86	4,618.86	4,618.86	4,618.86	100.0%	
75-4510-	- AG DEVELOPMENT GRANTS	201,000.00		201,000.00	162,243.96	162,243.96	80.7%	38,756.04
75-4510-	-002 COAL SEVERANCE GRANTS		175,000.00	175,000.00	38,532.09	38,532.09	22.0%	136,467.91
75-4728-	- MORGAN CO TIRE DISPOSAL GRANT				1,500.00	1,500.00		(1,500.00)
75-4728-	-002 CONSERVATION DISTRICT ENVIRONMENTAL GRAN	5,000.00		5,000.00	5,000.00	5,000.00	100.0%	
75-4806-	- INTEREST, BANK	1,000.00		1,000.00				1,000.00
	<b>TOTAL REVENUES SPECIAL PROJECTS FUND</b>	<b>233,500.00</b>	<b>179,618.86</b>	<b>413,118.86</b>	<b>238,271.58</b>	<b>238,271.58</b>	<b>57.7%</b>	<b>174,847.28</b>
75-4901-	- PRIOR YEAR CARRYOVER	500.00		500.00		12,870.35	574.1%	(12,370.35)
75-4903-	- ADJUSTMENT TO PRIOR YEAR							
75-4909-	- TRANSFER OUT							
75-4910-	- TRANSFER IN	23,500.00		23,500.00	46,784.17	46,784.17	199.1%	(23,284.17)
	<b>TOTAL RECEIPTS SPECIAL PROJECTS FUND</b>	<b>257,500.00</b>	<b>179,618.86</b>	<b>437,118.86</b>	<b>285,055.75</b>	<b>297,926.10</b>	<b>68.2%</b>	<b>139,192.76</b>
	<b>GRAND TOTAL RECEIPTS FOR ALL FUNDS</b>	<b>4,583,722.74</b>	<b>1,382,989.62</b>	<b>5,966,712.36</b>	<b>5,166,278.09</b>	<b>5,802,737.93</b>	<b>97.3%</b>	<b>163,974.43</b>

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD %Used	Free Balance
01-5001-101-	COUNTY JUDGE/EXECUTIVE SALARY	82,130.59		(2,622.31)	79,508.28	79,508.28	79,508.28 100.0%	0.00
01-5001-185-	CJE OFFICE STAFF SALARY	100,000.00		(6,417.77)	93,582.23	93,582.23	93,582.23 100.0%	0.00
01-5001-425-	CJE OFFICE COFFEE & CREME	3,000.00		586.00	3,586.00	3,586.00	3,586.00 100.0%	
01-5001-425-001	BOTTLED WATER	500.00		(171.15)	328.85	270.20	270.20 82.2%	58.65
01-5001-441-	JUDGE/EXECUTIVE OFFICE EQUIPMENT	5,000.00		(4,801.61)	198.39	198.39	198.39 100.0%	0.00
01-5001-445-	JUDGE/EXECUTIVE OFFICE SUPPLIES	5,000.00		(2,601.61)	2,398.39	1,992.88	1,992.88 83.1%	405.51
01-5001-531-	COUNTY JUDGE/EXEC BOND	110.00		(8.20)	101.80	101.80	101.80 100.0%	
01-5001-551-	JUDGE'S ASSOCIATION MEMBERSHIP	2,000.00		(481.00)	1,519.00	1,519.00	1,519.00 100.0%	
01-5001-569-	CONFERENCES & TRAINING	1,800.00		4,553.69	6,353.69	6,353.69	6,353.69 100.0%	0.00
01-5001-574-	JUDGE/EXECUTIVE TRAINING INCENTIVE PAY	4,000.00		(4,000.00)				
01-5005-101-	COUNTY ATTORNEY SALARY / OFFICE RENTAL	23,199.96		16.67	23,216.63	23,216.63	23,216.63 100.0%	(0.00)
01-5005-165-	COUNTY ATTORNEY SECRETARY	15,000.00		(700.00)	14,300.00	13,746.96	13,746.96 96.1%	553.04
01-5005-531-	COUNTY ATTORNEY BOND	200.00		184.80	384.80	384.80	384.80 100.0%	
01-5005-551-	COUNTY ATTORNEY KCAA DUES	750.00		150.00	900.00	900.00	900.00 100.0%	
01-5005-563-	COUNTY ATTORNEY POSTAGE	1,000.00		(76.51)	923.49	923.49	923.49 100.0%	
01-5005-566-	COUNTY ATTORNEY OFFICE SUPPLIES	4,000.00		483.27	4,483.27	4,483.27	4,483.27 100.0%	(0.00)
01-5005-569-	COUNTY ATTORNEY TRAINING	1,000.00		(1,000.00)				
01-5005-573-	COUNTY ATTORNEY TELEPHONE	5,500.00		632.86	6,132.86	6,132.86	6,132.86 100.0%	(0.00)
01-5005-576-	COUNTY ATTORNEY TRAVEL EXPENSES	1,500.00		(104.95)	1,395.05	1,395.05	1,395.05 100.0%	
01-5005-578-	COUNTY ATTORNEY UTILITIES	2,000.00		3,154.23	5,154.23	5,154.23	5,154.23 100.0%	(0.00)
01-5010-348-	COUNTY CLERK OFFICE SUPPORT	10,000.00		(5,300.00)	4,700.00	3,909.72	3,909.72 83.2%	790.28
01-5010-368-	CLERK TAX BILL PREPARATION	4,000.00		1,485.35	5,485.35	3,300.00	3,300.00 60.2%	2,185.35
01-5015-103-	SHERIFF'S DEPT ALLOTMENT	80,000.00		(15,000.78)	64,999.22	64,999.22	64,999.22 100.0%	0.00
01-5015-531-	SHERIFF'S BOND	950.00		8,336.25	9,286.25	9,286.25	9,286.25 100.0%	
01-5020-101-	CORONER SALARY	9,600.00			9,600.00	9,600.00	9,600.00 100.0%	
01-5020-103-	CORONER DEPUTY SALARY	3,000.00			3,000.00	3,000.00	3,000.00 100.0%	
01-5020-344-	CORONER PAUPER BURIALS	2,500.00		(2,500.00)				
01-5020-441-	CORONER EQUIPMENT	1,000.00		2,066.80	3,066.80	3,066.80	3,066.80 100.0%	
01-5020-531-	CORONER BOND	400.00		(196.40)	203.60	203.60	203.60 100.0%	
01-5020-551-	CORONERS ASSOCIATION DUES	150.00		(150.00)				

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD	%Used	Free Balance
01-5020-566-	CORONER'S OFFICE EXPENSE	1,000.00		72.16	1,072.16	1,028.16	1,028.16	95.9%	44.00
01-5020-569-	CORONER TRAINING	500.00		94.35	594.35	47.85	47.85	8.1%	546.50
01-5020-573-	CORONER TELEPHONE	1,200.00		715.03	1,915.03	1,915.03	1,915.03	100.0%	0.00
01-5020-592-	CORONER'S VEHICLE OPERATION/MAINT	2,500.00		37.74	2,537.74	2,509.04	2,509.04	98.9%	28.70
01-5025-101-	MAGISTRATES SALARIES	36,000.00		15,764.00	51,764.00	51,764.00	51,764.00	100.0%	
01-5025-167-	CLERK OF COURT SALARY	3,000.00			3,000.00	2,750.00	2,750.00	91.7%	250.00
01-5025-210-	MAGISTRATES COMMITTEE EXPENSE	13,500.00			13,500.00	13,500.00	13,500.00	100.0%	
01-5025-212-	TRAINING INCENTIVE - MAGISTRATES	20,000.00		(20,000.00)					
01-5025-302-	LEGAL ADVERTISING	4,000.00		(2,008.84)	1,991.16	1,991.16	1,991.16	100.0%	(0.00)
01-5025-315-	ADMINISTRATIVE CODE CONSULTING								
01-5025-315-002	SOFTWARE MAINTENANCE FEES	11,000.00		(446.55)	10,553.45	10,553.45	10,553.45	100.0%	
01-5025-318-	DATA PROCESSING	4,000.00		(3,137.50)	862.50	862.50	862.50	100.0%	
01-5025-332-	LEGAL FEES	250.00		7,969.00	8,219.00	8,194.00	8,194.00	99.7%	25.00
01-5025-445-	OFFICE SUPPLIES	9,500.00		(5,066.75)	4,433.25	4,433.25	4,433.25	100.0%	
01-5025-445-002	AG DEVELOPMENT GRANT FORMS	2,000.00		(2,000.00)					
01-5025-499-	MISCELLANEOUS EXPENSES	1,000.00		19,534.56	20,534.56	20,449.56	20,449.56	99.6%	85.00
01-5025-501-	ADD DISTRICT PAYMENTS	5,300.00		(2,167.31)	3,132.69	3,132.69	3,132.69	100.0%	
01-5025-507-	OLD MILL PARK BLUE GRASS FESTIVAL	2,500.00			2,500.00	2,500.00	2,500.00	100.0%	
01-5025-507-002	MORGAN COUNTY SORGHUM FESTIVAL	7,500.00			7,500.00	7,500.00	7,500.00	100.0%	
01-5025-507-003	MARKET IN THE PARK	2,000.00			2,000.00	2,000.00	2,000.00	100.0%	
01-5025-507-004	COMMUNITY POOL EVENTS	2,000.00		8,000.00	10,000.00	10,000.00	10,000.00	100.0%	
01-5025-507-005	FOX LOT BLUEGRASS FESTIVAL	2,000.00		(2,000.00)					
01-5025-507-006	PRIDE ENVIRONMENTAL OUTREACH PROGRAM	5,000.00		(5,000.00)					
01-5025-531-	MAGISTRATES BONDS	625.00		(116.00)	509.00	509.00	509.00	100.0%	
01-5025-531-001	OFFICE STAFF BONDS	750.00		(31.29)	718.71	718.71	718.71	100.0%	
01-5025-539-	RECORDING FEES	400.00		(400.00)					
01-5025-550-	FIRST AID SUPPLIES	400.00		187.39	587.39	587.39	587.39	100.0%	
01-5025-551-	ASSOCIATION MEMBERSHIPS	2,500.00		3,585.13	6,085.13	4,586.23	4,586.23	75.4%	1,498.90
01-5025-563-	POSTAGE	2,500.00		(399.42)	2,100.58	2,100.58	2,100.58	100.0%	
01-5025-566-	NEWSPAPER	500.00		(143.78)	356.22	356.22	356.22	100.0%	

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD %Used	Free Balance
01-5025-569-	MAGISTRATES CONFERENCES	7,000.00		5,414.10	12,414.10	12,414.10	12,414.10 100.0%	(0.00)
01-5025-569-002	STAFF TRAINING	1,000.00		(835.20)	164.80	164.80	164.80 100.0%	(0.00)
01-5025-576-	TRAVEL EXPENSES	25,000.00		(17,311.35)	7,688.65	7,319.84	7,319.84 95.2%	368.81
01-5025-705-	DATA PROCESSING EQUIPMENT	4,000.00		(3,796.38)	203.62	203.62	203.62 100.0%	(0.00)
01-5030-367-	PVA STATUTORY CONTRIBUTIONS	20,000.00		(758.16)	19,241.84	19,241.84	19,241.84 100.0%	
01-5035-191-	BOARD OF ASSESSMENT APPEALS	400.00		400.00	800.00	400.00	400.00 50.0%	400.00
01-5040-102-	COUNTY TREASURER SALARY	34,500.00		(12,000.00)	22,500.00	22,000.00	22,000.00 97.8%	500.00
01-5040-105-	PAYROLL CLERK	6,000.00		500.00	6,500.00	6,500.00	6,500.00 100.0%	
01-5040-441-	TREASURER OFFICE EQUIPMENT	5,000.00		(5,000.00)				
01-5040-445-	TREASURER OFFICE SUPPLIES	5,000.00		(4,408.17)	591.83	591.83	591.83 100.0%	(0.00)
01-5040-531-	COUNTY TREASURER BOND	700.00		(700.00)				
01-5060-101-	LAW LIBRARIAN SALARY	600.00			600.00	600.00	600.00 100.0%	
01-5065-192-	ELECTION OFFICERS	8,000.00		8,300.00	16,300.00	16,300.00	16,300.00 100.0%	
01-5065-193-	ELECTION COMMISSIONERS	1,750.00		350.00	2,100.00	2,100.00	2,100.00 100.0%	
01-5065-446-	ELECTION MATERIALS AND SUPPLIES	15,000.00		15,414.46	30,414.46	30,414.46	30,414.46 100.0%	
01-5065-525-	INSURANCE ON VOTING EQUIPMENT	300.00		(300.00)				
01-5065-565-	ELECTION PRINTING AND ADVERTISING	1,000.00		71.00	1,071.00	1,071.00	1,071.00 100.0%	
01-5080-175-	JUDICIAL CENTER CUSTODIAL	35,000.00		57,335.26	92,335.26	92,335.26	92,335.26 100.0%	(0.00)
01-5080-340-	COURTHOUSE MAINTENANCE & REPAIRS	1,200.00		8,445.14	9,645.14	2,502.36	2,502.36 25.9%	7,142.78
01-5080-352-	COURTHOUSE ELEVATOR MAINTENANCE	100.00		451.60	551.60	551.60	551.60 100.0%	
01-5080-411-	COURTHOUSE CUSTODIAL SUPPLIES	5,000.00		(329.93)	4,670.07	4,631.00	4,631.00 99.2%	39.07
01-5080-525-	COURTHOUSE INSURANCE	28,000.00		(28,000.00)				
01-5080-578-	COURTHOUSE UTILITIES	130,000.00		(74,937.11)	55,062.89	55,062.89	55,062.89 100.0%	
01-5085-175-	COUNTY OFFICE BUILDING CUSTODIAL	32,000.00		(510.55)	31,489.45	31,489.45	31,489.45 100.0%	
01-5085-175-002	OTHER PROP TECH CENTER MAINT SALARY	14,600.00		250.60	14,850.60	14,850.60	14,850.60 100.0%	0.00
01-5085-340-	OTHER PROPERTY MAINTENANCE & REPAIRS	45,000.00		(22,025.61)	22,974.39	22,974.39	22,974.39 100.0%	0.00
01-5085-340-002	OTHER PROP TECH CENTER MAINT & REPAIRS	45,000.00		(17,949.95)	27,050.05	27,050.05	27,050.05 100.0%	(0.00)
01-5085-352-	OTHER PROPERTY ELEVATOR MAINTENANCE	2,000.00		204.39	2,204.39	2,204.39	2,204.39 100.0%	
01-5085-411-	OTHER PROPERTY CUSTODIAL SUPPLIES	5,000.00		(840.83)	4,159.17	4,109.81	4,109.81 98.8%	49.36
01-5085-411-002	OTHER PROP TECH CENTER JANITORIAL	4,000.00			4,000.00	4,000.00	4,000.00 100.0%	



**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
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**Morgan County Fiscal Court**  
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SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD %Used	Free Balance
01-5085-481-	OTHER PROPERTY TECH CENTER UNIFORMS	1,500.00		1,061.33	2,561.33	2,561.33	2,561.33 100.0%	0.00
01-5085-499-	OTHER PROPERTY FALL DECORATIONS	500.00			500.00	500.00	500.00 100.0%	
01-5085-525-	OTHER PROPERTY INSURANCE ANIMAL SHELTE	400.00		(200.00)	200.00			200.00
01-5085-525-001	OTHER PROPERTY INSURANCE TECH CENTER	16,000.00		(16,000.00)				
01-5085-525-005	OTHER PROPERTY INSURANCE ANNEX BUILDIN	5,000.00		(5,000.00)				
01-5085-525-101	OTHER PROPERTY INSURANCE COMM CENTER	25,000.00		64,590.17	89,590.17	89,411.13	89,411.13 99.8%	179.04
01-5085-573-	OTHER PROPERTY TELEPHONE	17,000.00		1,482.00	18,482.00	18,482.00	18,482.00 100.0%	
01-5085-578-	OTHER PROPERTY UTILITIES	55,000.00		20,698.40	75,698.40	75,698.40	75,698.40 100.0%	0.00
01-5085-578-002	OTHER PROPERTY TECH CENTER UTILITIES	100,000.00		37,342.98	137,342.98	137,342.98	137,342.98 100.0%	(0.00)
01-5085-578-003	MORGAN CO EXTENSION NMTG PRJT UTILITIES	5,000.00		(4,482.68)	517.32	517.32	517.32 100.0%	(0.00)
01-5090-531-	COUNTY SURVEYOR BOND	110.00		(8.20)	101.80	101.80	101.80 100.0%	
01-5100-348-	FIRE DEPART & RESCUE SQUAD PROG SUPPOF							
01-5100-348-002	WEATHER BUG SYSTEM	2,800.00		3,211.25	6,011.25	6,011.25	6,011.25 100.0%	
01-5110-531-	CONSTABLE BONDS	510.00		(1.00)	509.00	509.00	509.00 100.0%	
01-5130- -	RESCUE SQUAD COAL SEVERANCE REIMBURSE		2,258.96		2,258.96	2,258.96	2,258.96 100.0%	
01-5130-441-	RESCUE SQUAD MACHINERY AND EQUIPMENT		3,495.00		3,495.00	3,495.00	3,495.00 100.0%	
01-5135-102-	DES DIRECTOR'S SALARY	22,800.00		2,161.83	24,961.83	24,961.83	24,961.83 100.0%	
01-5135-420-	DES MATERIALS & SUPPLIES	500.00		9.73	509.73	509.73	509.73 100.0%	
01-5140-549-	EMS GRANT TO AMBULANCE SERVICE	11,000.00		(1,000.00)	10,000.00	10,000.00	10,000.00 100.0%	
01-5145-703-	E-911 PROGRAM EXPENDITURES	55,000.00		2,168.64	57,168.64	52,777.89	52,777.89 92.3%	4,390.75
01-5175-903-	PUBLIC DEFENDER MANDATE	250.00		420.00	670.00	670.00	670.00 100.0%	
01-5205-105-	ANIMAL CONTROL STAFF	28,000.00		1,897.59	29,897.59	29,897.59	29,897.59 100.0%	
01-5205-403-	ANIMAL CONTROL EXPENDITURES	18,000.00		(2,245.14)	15,754.86	15,618.52	15,618.52 99.1%	136.34
01-5205-578-	ANIMAL CONTROL FACILITY UTILITIES	7,500.00		1,285.01	8,785.01	8,785.01	8,785.01 100.0%	(0.00)
01-5215-366-	SOLID WASTE PROGRAM	95,000.00		(21,663.20)	73,336.80	73,336.80	73,336.80 100.0%	
01-5215-571-	SOLID WASTE FACILITY REPAIRS	1,500.00		(1,288.16)	211.84	34.29	34.29 16.2%	177.55
01-5305-356-	SENIOR CITIZENS PROGRAM	3,500.00		(1,000.00)	2,500.00	2,500.00	2,500.00 100.0%	
01-5325-507-	MORGAN COUNTY DAV	2,000.00			2,000.00	2,000.00	2,000.00 100.0%	
01-5340- -001	DOVES							
01-5340- -002	SARAH'S PLACE							

**MORGAN COUNTY  
FOURTH QUARTER FINANCIAL STATEMENT  
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(Continued)**

**Morgan County Fiscal Court  
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SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD	%Used	Free Balance
01-5340- -003	FOOD PANTRY								
01-5340-507-001	HELPING HANDS	2,000.00		(2,000.00)					
01-5401-177- C	CANNEL CITY PARK	900.00			900.00	825.00	825.00	91.7%	75.00
01-5401-177-105	EZEL WALK PARK			1,297.69	1,297.69	1,297.69	1,297.69	100.0%	
01-5405-507- C	CITY POOL	5,000.00		11,914.00	16,914.00	16,914.00	16,914.00	100.0%	
01-5410-902- L	LIBRARY FUNDS UNALLOCATED FROM LEASE PI	36,047.96		(36,047.96)					
01-5425-507-003	MARKET IN THE PARK	2,000.00		(2,000.00)					
01-5425-507-004	PAUL GILLEY DAY	1,000.00			1,000.00	1,000.00	1,000.00	100.0%	
01-5425-507-005	AMERICAN RED CROSS	2,000.00			2,000.00	2,000.00	2,000.00	100.0%	
01-5425-507-006	DELANCY PARK	1,000.00		340.00	1,340.00	1,255.00	1,255.00	93.7%	85.00
01-5425-507-007	DOVES	2,000.00		(1,973.34)	26.66				26.66
01-5435-338- M	MORGAN COUNTY HISTORICAL SOCIETY	1,000.00		(1,000.00)					
01-7401-601-001	BOND PRINCIPAL- G/O ANT NOTE 2012 MORGAN			27,868.13	27,868.13	27,868.13	27,868.13	100.0%	
01-7401-601-002	BOND PRINCIPAL - 2012B BONDS MORGAN CO	40,000.00		2,425.80	42,425.80	42,425.80	42,425.80	100.0%	
01-7401-605-001	BOND INTEREST - G/O ANT NOTE 2012 MORGAN	95,500.00		26,887.12	122,387.12	122,387.12	122,387.12	100.0%	0.00
01-7401-605-002	BOND INTEREST - 2012B BONDS MORGAN CO	59,400.00		1,352.76	60,752.76	60,752.76	60,752.76	100.0%	0.00
01-7600-548-001	NEW MKT TAX CREDIT CAPITALIZED INTEREST								
01-7700-602- L	LEASE PRINCIPAL - LIBRARY	125,135.00		2,219.93	127,354.93	127,354.93	127,354.93	100.0%	
01-7700-602-011	LEASE PRINCIPAL - # 19 AMBULANCE								
01-7700-602-015	LEASE PRINCIPAL - # 23 AMBULANCE / EQUIP	10,417.00			10,417.00	10,416.81	10,416.81	100.0%	.19
01-7700-602-019	LEASE PRINCIPAL - # 28 AMBULANCE	26,500.00		(2,079.54)	24,420.46	24,200.23	24,200.23	99.1%	220.23
01-7700-606- L	LEASE INTEREST - LIBRARY	56,200.00			56,200.00	56,121.90	56,121.90	99.9%	78.10
01-7700-606-011	LEASE INTEREST - # 19 AMBULANCE								
01-7700-606-015	LEASE INTEREST - #23 AMBULANCE / EQUIP	120.00		1.00	121.00	120.41	120.41	99.5%	.59
01-7700-606-019	LEASE INTREST - # 28 AMBULANCE	2,700.00			2,700.00	2,614.67	2,614.67	96.8%	85.33
01-9100-307- A	AUDIT FEES	60,000.00		(31,757.29)	28,242.71	28,242.71	28,242.71	100.0%	
01-9200-999- R	RESERVE FOR TRANSFERS			(0.00)	(0.00)				(0.00)
01-9300-999- T	TRANSFER TO OTHER FUNDS	(345,341.76)	83,103.80	262,237.96					
01-9400-201- F	FRINGES SOCIAL SECURITY	40,000.00		(5,000.00)	35,000.00	33,190.63	33,190.63	94.8%	1,809.37
01-9400-202- F	FRINGES RETIREMENT	77,000.00		6,010.20	83,010.20	83,010.20	83,010.20	100.0%	0.00

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD %Used	Free Balance
01-9400-205-	FRINGES HEALTH INSURANCE	230,000.00		65,543.90	295,543.90	295,543.90	295,543.90 100.0%	
01-9400-205-002	FRINGES DENTAL INSURANCE	11,500.00		(2,642.90)	8,857.10	8,857.10	8,857.10 100.0%	0.00
01-9400-208-	FRINGES UNEMPLOYMENT INSURANCE	5,000.00		1,700.00	6,700.00	6,689.05	6,689.05 99.8%	10.95
01-9400-209-	FRINGES WORKMEN'S COMPENSATION	27,000.00		(14,010.49)	12,989.51	12,989.51	12,989.51 100.0%	
	<b>TOTAL GENERAL FUND</b>	<b>2,042,813.75</b>	<b>88,857.76</b>	<b>290,720.38</b>	<b>2,422,391.89</b>	<b>2,399,945.84</b>	<b>2,399,945.84 99.1%</b>	<b>22,446.05</b>
02-5025-599-	MISCELLANEOUS EXPENSE	250.00		6,056.88	6,306.88	6,184.08	6,184.08 98.1%	122.80
02-6103-102-	ROAD SUPERVISOR SALARY	31,000.00		4,211.53	35,211.53	35,211.53	35,211.53 100.0%	0.00
02-6103-106-	ROAD DEPARTMENT OFFICE STAFF			28,312.65	28,312.65	28,312.65	28,312.65 100.0%	
02-6105- -571	MAINTENANCE & REPAIR - ROADS		331,750.00	(65,791.29)	265,958.71	265,958.71	265,958.71 100.0%	
02-6105-143-	OTHER SALARIES	362,000.00		(15,937.21)	346,062.79	315,156.38	315,156.38 91.1%	30,906.41
02-6105-324-	DRUG TESTING	250.00			250.00	162.00	162.00 64.8%	88.00
02-6105-343-	EMPLOYEE PHYSICAL EXAMS	200.00			200.00	149.00	149.00 74.5%	51.00
02-6105-405-	ASPHALT & SUPPLIES	24,943.48		(5,719.79)	19,223.69	5,335.04	5,335.04 27.8%	13,888.65
02-6105-409-	STONE & GRAVEL	75,000.00		1,770.07	76,770.07	75,687.81	75,687.81 98.6%	1,082.26
02-6105-415-	DIESEL FUEL	75,000.00		(13,933.35)	61,066.65	51,894.08	51,894.08 85.0%	9,172.57
02-6105-421-	SALT	15,000.00		2,345.91	17,345.91	17,345.91	17,345.91 100.0%	
02-6105-427-	GARAGE SUPPLIES	7,000.00		777.61	7,777.61	7,551.29	7,551.29 97.1%	226.32
02-6105-429-	GASOLINE	42,000.00		(7,644.74)	34,355.26	24,072.53	24,072.53 70.1%	10,282.73
02-6105-431-	BRIDGE MATERIALS	5,000.00		(4,265.55)	734.45			734.45
02-6105-441-	EQUIPMENT PURCHASES	10,000.00		(2,777.09)	7,222.91	2,646.31	2,646.31 36.6%	4,576.60
02-6105-443-	REPAIR PARTS	50,000.00		(5,384.20)	44,615.80	43,673.58	43,673.58 97.9%	942.22
02-6105-447-	MATERIALS GENERAL	4,500.00		(664.33)	3,835.67	2,976.69	2,976.69 77.6%	858.98
02-6105-455-	OIL & LUBRICANTS	2,000.00		4,066.29	6,066.29	6,014.14	6,014.14 99.1%	52.15
02-6105-457-	PIPE	16,000.00		10,423.59	26,423.59	25,584.59	25,584.59 96.8%	839.00
02-6105-469-	ROAD SIGNS	600.00		517.09	1,117.09	1,117.09	1,117.09 100.0%	
02-6105-479-	TIRES & TUBES	10,000.00		616.67	10,616.67	7,315.95	7,315.95 68.9%	3,300.72
02-6105-481-	UNIFORMS	15,000.00		5,669.75	20,669.75	20,669.75	20,669.75 100.0%	
02-6105-514-	STONE HAUL BILL	32,500.00			32,500.00	29,993.44	29,993.44 92.3%	2,506.56
02-6105-550-	FIRST AID SUPPLIES	500.00		55.64	555.64	555.64	555.64 100.0%	

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD %Used	Free Balance
02-6105-573-	TELEPHONE	4,500.00			4,500.00	3,964.99	3,964.99 88.1%	535.01
02-6105-578-	UTILITIES	19,000.00		8,104.57	27,104.57	27,104.57	27,104.57 100.0%	0.00
02-7700-602-	VEHICLE LEASE, FIFTH THIRD							
02-7700-602-008	LEASE PRINCIPAL - # 16 BACKHOE							
02-7700-602-017	LEASE PRINCIPAL - # 26 ROAD GARAGE BLDG			74,166.68	74,166.68	74,166.68	74,166.68 100.0%	
02-7700-602-018	LEASE PRINCIPAL - # 27 TRUCK							
02-7700-602-019	LEASE PRINCIPAL - # 30 TRUCK (GARBAGE)	150,835.00		(52,890.47)	97,944.53	571.18	571.18 0.6%	97,373.35
02-7700-606-008	LEASE INTEREST - # 16 BACKHOE							
02-7700-606-017	LEASE INTEREST - # 26 ROAD GARAGE BLDG	47,768.77		20,344.67	68,113.44	68,113.44	68,113.44 100.0%	
02-7700-606-018	LEASE INTEREST - # 27 TRUCK							
02-7700-606-019	LEASE INTEREST - # 30 TRUCK (GARBAGE)	6,283.00			6,283.00	6,282.98	6,282.98 100.0%	.02
02-8003-741-	BRIDGE PROJECTS	130,000.00	782,500.00	(331,366.19)	581,133.81	415,319.46	415,319.46 71.5%	165,814.35
02-8005-741-	INFRASTRUCTURE IMPROVEMENT PROJECTS	20,000.00		(13,208.99)	6,791.01			6,791.01
02-8005-741-002	BLACKTOP PROJECTS	140,000.00		107,037.75	247,037.75	247,037.75	247,037.75 100.0%	
02-9100-535-	VEHICLE & EQUIPMENT INSURANCE	55,000.00			55,000.00	45,941.23	45,941.23 83.5%	9,058.77
02-9200-999-	RESERVE FOR TRANSFERS	108,207.77		(108,207.77)	(0.00)			(0.00)
02-9300-999-	TRANSFER TO OTHER FUNDS							
02-9400-201-	FRINGES SOCIAL SECURITY	30,000.00			30,000.00	28,745.95	28,745.95 95.8%	1,254.05
02-9400-202-	FRINGES RETIREMENT	71,709.21			71,709.21	69,741.79	69,741.79 97.3%	1,967.42
02-9400-205-	FRINGES HEALTH INSURANCE	90,000.00		23,994.63	113,994.63	113,994.63	113,994.63 100.0%	
02-9400-205-002	FRINGES DENTAL INSURANCE	4,500.00		11,446.78	15,946.78	15,946.78	15,946.78 100.0%	0.00
02-9400-208-	FRINGES UNEMPLOYMENT INSURANCE	2,000.00		4,243.21	6,243.21	6,243.21	6,243.21 100.0%	
02-9400-209-	FRINGES WORKMEN'S COMPENSATION	33,000.00			33,000.00	31,192.49	31,192.49 94.5%	1,807.51
02-9500-902-	NAT'L FOREST PYMT TO SCHOOL DISTRICT	26,000.00		20,232.21	46,232.21	46,232.21	46,232.21 100.0%	
	<b>TOTAL ROAD FUND</b>	<b>1,717,547.23</b>	<b>1,114,250.00</b>	<b>-293,396.79</b>	<b>2,538,400.44</b>	<b>2,174,167.53</b>	<b>2,174,167.53 85.7%</b>	<b>364,232.91</b>
03-5101-101-	JAILER SALARY	30,000.10		3,941.00	33,941.10	33,941.10	33,941.10 100.0%	0.00
03-5101-103-	JAILER DEPUTIES	42,495.65		18,593.15	61,088.80	61,088.80	61,088.80 100.0%	(0.00)
03-5101-105-	MATRONS	20,431.01			20,431.01	20,415.60	20,415.60 99.9%	15.41
03-5101-212-	INCENTIVE TRAINING - JAILER	4,000.00		(1,508.99)	2,491.01			2,491.01

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD	%Used	Free Balance
03-5101-314-	CONTRACTS WITH OTHER COUNTIES	325,000.00		(29,152.00)	295,848.00	221,879.00	221,879.00	75.0%	73,969.00
03-5101-481-	JAILER UNIFORMS	500.00			500.00				500.00
03-5101-531-	JAILER'S BOND	115.00			115.00	101.80	101.80	88.5%	13.20
03-5101-549-	ROUTINE MEDICAL EXPENSES	65,000.00			65,000.00	41,263.46	41,263.46	63.5%	23,736.54
03-5101-569-	CONFERENCES & TRAINING	500.00		1,256.84	1,756.84	1,079.73	1,079.73	61.5%	677.11
03-5101-573-	TELEPHONE	2,200.00			2,200.00	2,067.00	2,067.00	94.0%	133.00
03-5101-576-	TRAVEL EXPENSES - JAILERS OFFICE	500.00		691.43	1,191.43	1,047.68	1,047.68	87.9%	143.75
03-5101-592-	VEHICLE OPERATION & MAINTENANCE	26,000.00		(200.00)	25,800.00	14,791.57	14,791.57	57.3%	11,008.43
03-5101-599-	MISCELLANEOUS EXPENSES	500.00		4,923.58	5,423.58	5,423.58	5,423.58	100.0%	
03-5101-739-	EQUIPMENT FOR VEHICLES	500.00			500.00				500.00
03-5101-739-002	OTHER EQUIPMENT	1,500.00			1,500.00				1,500.00
03-5102-314-	HOUSING JUVENILES	1,000.00		500.00	1,500.00	1,410.00	1,410.00	94.0%	90.00
03-9200-999-	RESERVE FOR TRANSFERS								
03-9400-201-	FRINGES SOCIAL SECURITY	6,600.00		1,580.96	8,180.96	8,180.96	8,180.96	100.0%	0.00
03-9400-202-	FRINGES RETIREMENT	35,500.00		2,050.44	37,550.44	37,550.44	37,550.44	100.0%	0.00
	<b>TOTAL JAIL FUND</b>	<b>562,341.76</b>		<b>2,676.41</b>	<b>565,018.17</b>	<b>450,240.72</b>	<b>450,240.72</b>	<b>79.7%</b>	<b>114,777.45</b>
04-5101- -	OFFICE OF JAILER								
04-6105- -	ROAD MAINTENANCE								
04-9200-999-	RESERVE FOR TRANSFERS								
	<b>TOTAL L.G.E.A. FUND</b>	<b>0.00</b>							
12-5150-513-	TIMBERLAND TAXING FUND APPROPRIATION	3,520.00	263.00		3,783.00	3,783.00	3,783.00	100.0%	
	<b>TOTAL FOREST FIRE FUND</b>	<b>3,520.00</b>	<b>263.00</b>		<b>3,783.00</b>	<b>3,783.00</b>	<b>3,783.00</b>	<b>100.0%</b>	
75-5085- -334	TECHNOLOGY CENTER		20,000.00		20,000.00				20,000.00
75-5121- -	FIRE PROTECTION (NOT COUNTY FIRE DEPT)		60,000.00	(500.00)	59,500.00	22,885.67	22,885.67	38.5%	36,614.33
75-5212-348-	LITTER ABATEMENT PROGRAM	26,500.00		24,681.18	51,181.18	51,181.18	51,181.18	100.0%	
75-5232- -515	DEAD ANIMAL REMOVAL PROGRAM	5,000.00		5,395.00	10,395.00	6,880.00	6,880.00	66.2%	3,515.00
75-5232-398-	CONTRACTED SERVICES - PRIDE ED PROGRAM		4,618.86	(395.00)	4,223.86	2,153.72	2,153.72	51.0%	2,070.14
75-5300- -001	DOVES		10,000.00	36.13	10,036.13	10,036.13	10,036.13	100.0%	(0.00)

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Morgan County Fiscal Court**  
**Appropriation Condition Report**

SECTION IV

As Of: 06/30/2015

Period From: 07/01/2014 To: 06/30/2015

Account No.	Account Name	Original Budget	Amendments	Transfers +/-	Total Available	Claims - Period	Claims - YTD	%Used	Free Balance
75-5300- -002	SARAH'S PLACE		10,000.00		10,000.00				10,000.00
75-5300- -003	FOOD PANTRY		10,000.00		10,000.00				10,000.00
75-6105-441-	ROAD DEPARTMENT EQUIPMENT		65,000.00		65,000.00				65,000.00
75-7401-601-001	FEMA NOTE PRINCIPAL - COMM BANK								
75-7401-605-001	FEMA NOTE INTEREST - COMM BANK	20,500.00			20,500.00	12,640.09	12,640.09	61.7%	7,859.91
75-8000-741-	AGRICULTURAL DEVELOPMENT GRANT PROGR.	191,500.00		(22,217.31)	169,282.69	38.43	38.43	0.0%	169,244.26
75-9100-398-	PROGRAM ADMIN FEES AG DEVELOPMENT	9,500.00		(2,500.00)	7,000.00	1,437.00	1,437.00	20.5%	5,563.00
75-9200-999-	RESERVE FOR TRANSFERS	4,500.00		(4,500.00)					
75-9300-999-	TRANSFER OUT								
	TOTAL SPECIAL PROJ. FUND	257,500.00	179,618.86		437,118.86	107,252.22	107,252.22	24.5%	329,866.64
	GRAND TOTAL ALL FUNDS	4,583,722.74	1,382,989.62	0.00	5,966,712.36	5,135,389.31	5,135,389.31	86.1%	831,323.05

**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***







**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Stanley Franklin, Morgan County Judge/Executive  
Members of the Morgan 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 Morgan County Fiscal Court for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 7, 2017. Our report disclaims an opinion on the Fourth Quarter Financial Statement of the Morgan County Fiscal Court because we were not engaged as auditors of the Morgan County Real Properties I and II Corporation Funds and we were unable to obtain audited financial statements to support the Morgan County Real Properties I and II Corporation Funds at June 30, 2015. The Morgan County Real Properties I and II Corporation Funds are part of the Morgan County Fiscal Court's reporting entity. The omission of the Morgan County Real Properties I and II Corporation Funds are considered material omissions of the Morgan County Fiscal Court's financial statement.

**Internal Control Over Financial Reporting**

In connection with our engagement to audit of the financial statement, we considered the Morgan 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Morgan County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morgan County Fiscal Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 comments and recommendations, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency described in the accompanying comments and recommendations as item 2015-005 to be a material weakness.



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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Fourth Quarter Financial Statement of the Morgan County Fiscal Court, 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 comments and recommendations as items 2015-001, 2015-002, 2015-003, and 2015-004.

### **County Judge/Executive's Responses to Findings**

The Morgan County Judge/Executive's responses to the findings identified in our engagement are described in the accompanying comments and recommendations. The Morgan County Judge/Executive's responses were not subjected to the auditing procedures applied in the engagement 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 engagement 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

August 7, 2017

**MORGAN COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2015**



**MORGAN COUNTY**  
**COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2015**

**STATE LAWS AND REGULATIONS:**

2015-001 The Morgan County Fiscal Court's General Fund And Jail Fund Have Deficit Balances Due To Inappropriate Disbursements

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This is a repeat finding that was included in the prior year audit report as finding 2014-001. The Morgan County Fiscal Court's general fund and jail fund have deficit balances of \$183,581 and \$20,678, respectively, as of June 30, 2015. The general fund owes the road fund \$143,238 due to transfer station disbursements that were paid from the road fund for fiscal year ending June 30, 2015. Also, for fiscal year ending June 30, 2014, the general fund has not paid the road fund \$138,775 for transfer station disbursements paid from the road fund. The jail fund owes the road fund \$26,390 due to local government economic assistance (LGEA) funds being transferred to the jail fund that should have been used for transportation. Due to this, the road fund's ending cash balance was reduced a total of \$308,403. Road monies are restricted by KRS 177.320 and KRS 177.360. Under the regulatory basis of accounting, fund balances are not adjusted for the unpaid liability on the financial statement. The unpaid liabilities and deficit balances are as follows:

	<u>General Fund</u>	<u>Jail Fund</u>	<u>Totals</u>
Fund Balance - Ending	\$ 98,432	\$ 5,712	\$ 104,144
Due to Road Fund for fiscal year ending June 30, 2014	(138,775)	(26,390)	(165,165)
Due to Road Fund for fiscal year ending June 30, 2015	<u>(143,238)</u>	<u>                    </u>	<u>(143,238)</u>
Fund Balance - Ending	<u>\$ (183,581)</u>	<u>\$ (20,678)</u>	<u>\$ (204,259)</u>

We recommend the Morgan County Fiscal Court ensure that restricted monies are spent properly in the future and avoid having deficit balances. We will refer this comment to the Department for Local Government.

*County Judge/Executive's Response: We have a plan in place to pay back all owed money to the Road and Jail fund. To date we have paid back about \$100,000 of the debt owed to the Road [fund]. We intend to have all debt paid in full by June 30, 2018.*

2015-002 The Morgan County Fiscal Court Paid Transfer Station Disbursements From The Road Fund

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This is a repeat finding that was included in the prior year audit report as finding 2014-002. Disbursements totaling \$143,238 for operations of the county's solid waste transfer station were made from the road fund. Solid waste transfer station employee salaries are budgeted and paid from the same account code as road workers salaries. By doing this, the county has reduced the amount of funds available to spend on road repairs and maintenance. KRS 177.320 and KRS 177.360 restrict expenditures from the road fund to be used for secondary and rural road maintenance, repairs, and related activities. We recommend the fiscal court ensure that only proper payments for allowable activities are made from restricted road fund monies. Furthermore, we recommend the general fund reimburse the road fund \$143,238. We will refer this comment to the Department for Local Government.

*County Judge/Executive's Response: This was corrected and changed in the 2015-2016 fiscal year. All expenditures for the transfer station are paid solely from the General Fund.*

**MORGAN COUNTY  
COMMENTS AND RECOMMENDATIONS  
Fiscal Year Ended June 30, 2015  
(Continued)**

STATE LAWS AND REGULATIONS: (Continued)

2015-003 The Morgan County Fiscal Court Did Not Pay Invoices Within 30 Working Days

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This is a repeat finding that was included in the prior year audit report as finding 2014-006. The Morgan County Fiscal Court did not pay all invoices within 30 working days. Three invoices totaling \$443,245 were not paid within 30 days as required. It appears that these payments were delayed to ensure that there was an adequate cash balance to cover the disbursements. As a result, the Morgan County Fiscal Court was in violation of KRS 65.140. Pursuant to KRS 65.140(2), "all bills for goods or 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 invoicing by the vendor or by the vendor's subcontractor." KRS 65.140(3) states, "[a]n interest penalty of one percent (1%) of any amount approved and unpaid shall be added[.]" We recommend the county comply with KRS 65.140, by paying invoices within 30 working days.

*County Judge/Executive's Response: Changes have been made to insure a timely manner in paying all invoices within 30 working days. There are instances where we must have invoices corrected or questions that prevent us from issuing payment due to the fact we only have fiscal court meets only once a month. We do make it a priority to issue payments as timely and efficiently as possible.*

2015-004 The Morgan County Fiscal Court Public Properties Corporation Disbursements Were Not Approved By The Project Development Board

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This is a repeat finding that was included in the prior year audit report as finding 2014-004. Documentation could not be found of approval of \$128,439 of Public Properties Corporation disbursements paid in August 2014 for the judicial center. All disbursements are required to be approved by the project development board before payment is made. There was no documentation of a project development board meeting in August 2014. Project development board members may not have been aware of the disbursements being paid. This increases the risk that disbursements are out of compliance with the contract terms for the judicial center. We recommend all disbursements be approved in the official minutes of the project development board with a listing of each vendor and amount to be paid.

*County Judge/Executive's Response: The official did not provide a response.*

INTERNAL CONTROL - MATERIAL WEAKNESS:

2015-005 The Morgan County Fiscal Court Lacks Internal Controls Over The Real Properties I and Real Properties II Corporations

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The county lacks internal controls over the Real Properties I and Real Properties II corporations. The Real Properties I Corporation was created for the purposes of constructing and equipping the Health and Wellness Center and repairing the old Morgan County courthouse for the benefit of Morgan County after the tornado on March 2, 2012. The Real Properties II Corporation was created for the purposes of constructing the Morgan County Cooperative Extension Service building, the Morgan County transit station and parking garage, and repairing the Morgan County Community Center for the benefit of Morgan County after the tornado on March 2, 2012. The Morgan County Fiscal Court did not ensure annual financial statements were prepared for the Real Properties I and Real Properties II corporations. The Morgan County Fiscal Court also failed to obtain an audit for these corporations. We were not engaged as auditors of these corporations and were told that a private firm was conducting these audits. However, as of the date of this report, these corporations have not been audited. County personnel lack knowledge about the activities of these corporations. The corporations have a complex structure and the personnel responsible for the financial statements did not have the knowledge

**MORGAN COUNTY  
COMMENTS AND RECOMMENDATIONS  
Fiscal Year Ended June 30, 2015  
(Continued)**

INTERNAL CONTROL - MATERIAL WEAKNESS: (Continued)

2015-005 The Morgan County Fiscal Court Lacks Internal Controls Over The Real Properties I and Real Properties II Corporations (Continued)

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necessary to prepare their financial statements. As a result, the Real Properties I and Real Properties II corporations have not been audited. These are significant components of the Morgan County Fiscal Court and therefore we have disclaimed an opinion on the financial statement for the year ending June 30, 2015. Good internal controls dictate that financial statements are timely prepared and audited. We recommend management of the Real Properties I and Real Properties II corporations ensure that financial statements are prepared timely and audited as required.

*County Judge/Executive's Response: We are aware of the lack of internal controls with Real Properties I & Real Properties II. We are currently investigating options to make changes and implement better policies to insure all issues are resolved.*

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

**MORGAN COUNTY FISCAL COURT**


**For The Fiscal Year Ended  
June 30, 2015**




CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MORGAN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Morgan 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.

  
Stanley Franklin  
County Judge/Executive

  
Linzey Lewis  
County Treasurer

