

**EXAMINATION OF CERTAIN FINANCIAL
TRANSACTIONS, POLICIES, AND PROCEDURES
OF THE LEXINGTON BLUE GRASS AIRPORT**



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C R I T L U A L L E N
A U D I T O R O F P U B L I C A C C O U N T S

February 25, 2009

J. Robert Owens, Chair
Lexington-Fayette Urban County Airport Board
Blue Grass Airport
4000 Versailles Road
Lexington, Kentucky 40510

RE: Examination of Certain Financial Transactions, Policies, and Procedures of the Lexington Blue Grass Airport

Dear Chairman Owens:

We have completed our examination of certain expenditures and management practices of the Lexington Blue Grass Airport (BGA) as requested by the Lexington-Fayette Urban County Council on December 4, 2008. The enclosed report identifies 22 findings and offers over 100 recommendations to strengthen BGA's management and oversight procedures to ensure the public's trust going forward.

Examination procedures included interviews of six Lexington-Fayette Urban County Government Airport Board Chairs, as well as BGA management and staff. In conjunction with a review of applicable BGA policies and procedures, a review of credit card expenses, cash advances, and employee reimbursements was conducted to determine whether expenditures were appropriate. The scope of our examination encompasses records and information for the period January 2006 through December 2008, unless otherwise specified.

Due to the nature of the findings resulting from this examination, we have referred this report to the Kentucky Attorney General's Office, Federal Bureau of Investigation, and the United States Attorney's Office.

The Auditor of Public Accounts requests a report from the Lexington-Fayette Urban County Government Airport Board on the implementation of audit recommendations within (60) days of the completion of the final report. If you wish to discuss this report further, please contact Brian Lykins, Executive Director of the Office of Technology and Special Audits, or me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen".

Crit Luallen
Auditor of Public Accounts





Examination of Certain Financial Transactions, Policies, and Procedures of the Lexington Blue Grass Airport

Examination Objectives

On December 4, 2008, the Lexington-Fayette Urban County Council (Urban County Council) passed Resolution Number 726-2008 requesting the Auditor of Public Accounts (APA) to perform an examination of the oversight, management, and administration of Lexington's Blue Grass Airport (BGA). In response to the Urban County Council's request, the APA initiated an engagement to ensure an independent examination was performed of certain BGA financial records, policies, and procedures. To accomplish the examination, the APA developed the following examination objectives:

- Examine credit card expenses, cash advances, and employee reimbursements;
- Determine if expenditures were excessive or unusual;
- Review certain airport policies and procedures; and,
- Report findings and recommendations related to these and other matters identified during the examination.

The period examined encompasses records and information for the period January 2006 through December 2008, unless otherwise specified.

Background

BGA is owned by the Lexington-Fayette Urban County Airport Corporation, which is a public non-profit organization and a component of the Lexington-Fayette Urban County Government. The oversight of BGA is conducted by the Lexington-Fayette Urban County Airport Board (Board). The Board consists of 10 members that each serve four-year terms and may be reappointed at the end of their term for an additional four-year period. Members are appointed by the Mayor of Lexington and confirmed by the Urban County Council. The Board members are volunteers and receive no salaries.

The Board is responsible for overseeing the overall operations and planning of BGA, but actual day-to-day operations are managed by an executive director that is selected by the Board. All BGA staff report to the executive director. The executive director is responsible for reporting all activities to the Board.

As a non-profit corporation, BGA must generate funds for the operation and improvement of airport facilities through various sources of revenue. Operating revenues for BGA are primarily generated through fees and other charges to airport users, airlines, and tenants. Other fund sources, such as grants and investments, also provide for the improvement and operations of BGA. In total, BGA generated \$18,560,813 in revenue during FY 2008 through all revenue sources. All expenses incurred by BGA during FY 2008 were \$17,948,293. The surplus difference between the revenue and expenses are used by BGA for further improvements to the facilities.

Airport Survey Observations

As part of the examination process, a survey of other airports similar in size to BGA was conducted concerning certain budgetary items and financial controls. Based on a comparison of survey responses, including information provided by BGA, the following observations were made:

- the salary for the former BGA Executive Director was higher than the salaries of the primary executives of the surveyed airports;
- most of the surveyed airports provide a monthly vehicle allowance for the primary executive, not an airport vehicle;
- the total travel and training budgets for BGA is significantly higher than the budgets of the surveyed airports; and,
- of the five airports that responded to the survey, two reported having an internal auditor on staff.

Findings and Recommendations

Finding 1: Insufficient controls resulted in questionable purchases and reimbursements.

Insufficient controls, combined with the inherent risk of fraud and abuse associated with credit cards, lessened the Board's ability to ensure that funds were being properly controlled and expended. Seven BGA officers and employees had BGA credit cards, but there were no adopted policies related to the use or review of credit card statements.

Recommendations: We recommend the Board review the need for credit cards. If needed, we recommend that a policy should be developed on the use of credit cards and the review procedures that should be required of BGA Directors as well as Board members. We also recommend that the Board use a review of budget to actual expenditures to control and monitor the necessity and reasonableness of costs. We recommend a written policy be developed requiring the Board Chair or designee to review the expenditures incurred by the Executive Director. We recommend BGA management ensure that credit card invoices are paid in a timely manner to avoid late fees and finance charges. We recommend all reimbursement requests made by BGA employees or board members for gifts or entertainment be documented in a detailed manner with a description of why the business expense is directly related to the business of BGA. We also recommend an annual formal orientation for new and returning Board members to ensure that there is an understanding of their purpose and responsibilities conducted by the Board Attorney.

Finding 2: Reimbursements for personal expenses were not required to be made in a timely manner.

Instances were found where personal expenses were identified but there was no existing policy to address the reimbursement of personal expenses.

Recommendations: We recommend the Board develop a policy relating to the timeliness of reimbursements made to the BGA by Officers and employees. This policy should include a stringent deadline by which the reimbursements must be made and identify action that will be taken for those that violate the policy. The Board should seek reimbursement for personal expenses that have yet to be reimbursed.

Finding 3: Duplicate reimbursements were made to employees.

An ineffective reimbursement review process led to multiple duplicate reimbursements being issued to at least two BGA employees.

Recommendations: We recommend a thorough review be performed of reimbursements made to employees to ensure duplicate payments are not made. The original supporting documentation must be provided and retained with the request.

Finding 4: The Board did not implement a process to receive information from independent sources.

The former Executive Director and former Directors were responsible for the monthly reporting of BGA activity to the Board. An alternate means of receiving independent information, such as the use of an internal auditor process, was not implemented. In addition, the Board policies did not allow for an employee to anonymously report areas of concern to the Board.

Recommendations: We recommend the Board implement a new organizational structure that will allow them to receive and investigate anonymous concerns from its employees, vendors, and the general public. The Board should also consider the creation of an internal audit function to report directly to the Board. The Board should require additional detail related to travel, entertainment, and marketing expenditures so that they are more aware of the expenditures incurred through the use of credit cards or employee reimbursements. The Board's policies should inform its employees of the Kentucky law that protects them from retaliation for reporting violations to certain authorities.

Finding 5: The Board has used the same auditing firm for approximately 20 years.

The same firm has performed BGA's annual independent financial audit for approximately 20 years. While this does not violate applicable audit requirements, it would be beneficial to periodically rotate auditing firms to avoid a perception of a lack of independence.

Recommendations: We recommend the Board adopt a policy to rotate the auditing firm at least every fifth year. In addition, we recommend that a review of internal controls be performed to ensure that controls are functioning as designed or needed.

Finding 6: The Board meeting minutes did not sufficiently document Board actions.

The Board's minutes do not discuss approvals for BGA's spending on executive travel, BGA events, or BGA marketing. Even though budgetary limits were exceeded in these areas, the Board meeting minutes do not contain any discussion of these expenditures. In addition, the Board often entered into closed sessions during monthly meetings to discuss property acquisition, pending litigation, and/or personnel matters. No details of any conclusions or actions are documented for these closed sessions. For example, the Board minutes did not document any such discussion or action related to the \$10,000 provided to the former Executive Director.

Recommendations: We recommend the Board ensure its meeting minutes adequately reflect all official Board actions and a more detailed reporting of its sub-committee meetings. The minutes should contain a more detailed discussion of costs related to significant BGA events and its administrative activities, as well as any discussion among its members relating to budgetary issues or concerns. We also recommend that the Board ensure a strict adherence to Kentucky laws on closed sessions.

Finding 7: BGA policies were not followed after a vehicle accident involving the former Executive Director.

On July 17, 2008, the former Executive Director, was involved in an accident resulting in property damage while driving a BGA vehicle an accident report required per BGA policy was not completed.

Recommendations: We recommend the Board should evaluate its policy regarding the personal use of BGA vehicles, require the reimbursement of the cost of materials and labor incurred due to property damage, and ensure that required procedures are consistently followed when a vehicle accident occurs.

Finding 8: Financial records are missing and no action was taken.

In the fall of 2005, financial records, including credit card statements and expense reports for BGA Directors, were removed from the Airport Accounting Office. The records were not reported missing to either the Board or law enforcement.

Recommendations: We recommend BGA retain scanned electronic images of financial records. We further recommend the Board establish a policy to ensure immediate and direct reporting to the Board of any missing airport property, and the Board should ensure law enforcement is notified.

Finding 9: The Board failed to ensure that travel and related expenditures were justified.

No documentation was identified that the Board was aware of the cost or the benefits of numerous out-of-state and international travel for events and conferences. The monthly "Director's Report" to the Board did not provide any details related to cost and the expense reports submitted by BGA employees did not document the purpose and nature of the business discussed or the company representatives attending meetings.

Recommendations: We recommend the Board plan and coordinate necessary travel trips in advance and incorporate the costs within the "Training and Travel" annual budget calculations. Any additional travel needs should be discussed, along with the anticipated cost and

attendees, at the Board meeting so that the Board's approval will be documented.

Finding 10: An annual marketing strategic plan was not developed to evaluate the cost and effectiveness of BGA marketing expenditures.

Several questionable expenditures were coded as "marketing" or "special events" but there was no documented or approved marketing plan to confirm that these expenditures were legitimate or beneficial to BGA marketing efforts.

Recommendations: The Board should develop specific marketing goals to monitor the success of BGA's promotional efforts. For each marketing goal, the BGA should track the promotional activities and expenditures incurred. This information should be used to establish spending benchmarks that will assist them with budgeting and management decisions.

Finding 11: The Board did not establish a policy to identify or account for additional benefits or memberships provided to BGA Directors.

Certain benefits and organization memberships made available to BGA Directors and an employee were not documented or the cost tracked to ensure any personal income was reported on the appropriate tax form of the employee. Examples include the unlimited use of a BGA vehicle and gasoline, gym and association memberships, internet service, cell phone service, and laundry service. Just the association and membership fees paid by BGA for the former Executive Director in 2008 totaled at least \$36,500.

Recommendations: We recommend that each type of benefit provided to an employee be clearly identified in the BGA Employees Policy and Procedures Manual and that benefits are properly accounted for to ensure taxable amounts accrue to the employee. We further recommend organization, association, and membership fees should be thoroughly reviewed by the Board to ensure BGA receives a reasonable benefit from these memberships.

Finding 12: BGA former Executive Director's salary was substantially higher than other airport executives surveyed; Directors' salaries increased significantly.

Five BGA Directors and the Manager of Administration experienced substantial increases in their annual salaries over an eight-year period. Along with the Executive Director's 108 percent salary increase from 2000 to 2008, the other Directors and Manager of Administration also enjoyed large increases in their salaries ranging from 42 to 92 percent.

Recommendations: We recommend the Board review BGA's current salary ranges to evaluate the reasonableness of Director level salaries as well as other BGA employees using an independent source. In the future, the Board should review the salary increases recommended by the Executive Director and document their review on the prescribed form.

Finding 13: Excessive spending occurred for BGA employees and tenants' parties and gifts.

Under the administration of the former Executive Director, the BGA expended a significant amount of funds on employee parties, door prizes and gifts to employees. BGA held an annual Fall Festival and Christmas party. For example, between January 2006 and December 2008, the airport expended \$14,741.11 on holiday hams for each member of the Board and BGA employee. The identified expenses were coded to the Marketing budget and the Board's knowledge of the costs of these gifts is not known.

Recommendations: We recommend the Board review the airport practice of gifting to itself and employees and establish better guidance within its policies for the purchase of such discretionary items.

Finding 14: BGA funds were used to purchase over 400 DVDs, many of which are not accounted for.

The former Executive Director initiated a DVD Library and requested several BGA credit cardholders to make specific DVD purchases. A comparison of DVD purchases to the DVD inventory listing found over 69 missing DVDs for a total of over \$1,200.

Recommendations: We recommend the Board either seek compensation or an accounting for the missing DVDs. Board should also review the DVD Library program and make a determination as to its benefit to the BGA.

Finding 15: Management spent excessively on team-building events, including one outing costing over \$7,400.

While conducting interviews with BGA credit cardholders, auditors were informed of a number of team-building exercises and excursions in which the cardholders participated. In some cases, family members participated at the expense of BGA.

Recommendations: We recommend the Board review the BGA practice of incurring the expense of team-building exercises to determine if this is an acceptable use of BGA funds. If the Board deems the practice of team-building exercises acceptable, we recommend the Board establish a policy relating to the practice that requires prior notification be made to the Board along with an explanation as to the anticipated benefit and cost. In addition, the Board should

establish a policy to clarify the type of expenditures that are allowable while attending conferences.

Finding 16: Bonuses and vacation pay were made to certain employees at the discretion of the Executive Director.

Between January 2006 and December 2008, employees were paid approximately \$23,441.33 in bonuses and \$82,744.58 in vacation payouts. The bonuses varied in amount and were made at the Executive Director's discretion. While BGA policies allowed the payout of accrued vacation time to its Directors, the former Executive Director violated BGA policies by approving the payout of accrued vacation time to the Manager of Administration for a total of \$8,194.92.

Recommendations: We recommend the Board establish a policy providing the criteria and guidelines for employee bonus payments. We also recommend the Board review its policy on the accrual of vacation leave and consider eliminating the payouts to its Directors and align the policy for Directors with that of other BGA employees.

Finding 17: Timing of payroll and sick leave payouts not in compliance with Board policies.

While Board policy states that payday is every other Friday, exceptions to the policy were made for the former Director of Administration and Finance and former Director of Operations. Other employees could request early payroll payments as well. In addition, Board policy allows for a payment of accrued sick leave during the first pay period in December." However, sick leave payments were found at different times throughout the year, typically around June and December of each year.

Recommendations: We recommend the Board immediately stop the practice of allowing an employee to receive a payroll check prior to the established payday. We further recommend that the Board review its policy on payments of accrued sick leave hours to determine a more cost effective policy that is beneficial to BGA and its employees.

Finding 18: The BGA Nepotism Policy was violated on at least three occasions.

The Manager of Administration had two sons employed by BGA and the Director of Operations had a daughter employed by BGA. The three family members were employed within their relative's department.

Recommendations: We recommend that employees sign an acknowledgement form stating that they have received and understand the Board Ethics Code and Conduct. We further recommend the Board evaluate its current Ethics Code and Conduct policy to ensure it is up-to-date. We recommend the BGA Human

Resources Manager report any issue regarding nepotism to the Board.

Finding 19: BGA control and oversight of Directors use of fuel was insufficient.

BGA paid for all operating costs associated with business and personal use of BGA vehicles. Fuel expenses can be incurred by the use of a BGA fuel credit card, a BGA credit card, employee reimbursement, or the use of an onsite fueling system.

Recommendations: We recommend BGA review its policy regarding the purchase of fuel for Directors and consider providing a monthly allowance, allow fuel to be acquired only onsite, or determine some other means of providing more accountability over the use of fuel. A comprehensive analysis of fuel consumption for each vehicle should be conducted monthly and BGA staff should be able to produce reports on the use of the onsite fueling system to assist with this analysis.

Finding 20: BGA had not developed comprehensive information technology policies.

The BGA Employee Policy and Procedures Manual did not explicitly define the responsibilities and expectations of employees related to the usage of information technology equipment and software or the logical security controls.

Recommendations: We recommend BGA develop information system policies that explicitly define user responsibilities as they relate to information system resources and applications.

Finding 21: BGA computer equipment inventory listing did not capture essential information to adequately identify computer equipment.

The inventory listing of BGA computer equipment did not capture essential information. The inventory listing did not contain sufficient, unique identifying information that would be necessary to validate that a specific equipment item was in the possession of BGA or to provide a claim against an insurance policy.

Recommendations: We recommend that BGA develop a formal policy identifying the computer equipment items that are considered a fixed asset. The existing inventory listing should be revised to include an equipment description, vendor name, model number, serial number, acquisition date, and acquisition cost. Once the inventory listing has been recorded and validated, any acquisitions and dispositions of computer equipment that fall within the fixed asset policy should result in an update of the inventory listing.

Finding 22: Two Directors were made public safety officers and were issued handguns though not in compliance with BGA policy nor a requirement of the job descriptions.

BGA's former Executive Director and former Director of Administration and Finance were appointed to the Board's Office of Police Officer in 1987 and 1998 respectively. Handguns were issued to these individuals by BGA. The Executive Director turned in his handgun after he was officially removed as a Board police officer August 9, 2000. The former Director of Administration and Finance returned his handgun after his resignation but it is not known if he was ever officially removed as a Board police officer.

Recommendations: We recommend the Board ensure that the former Director of Administration and Finance has been officially removed as a Board police officer. We recommend the Chief Public Safety Officer ensure that only qualified individuals responsible for public safety as part of their job requirements be made BGA safety officers.

Conclusion

Our examination identified over \$500,000 in questionable credit card and direct payment expenditures initiated by certain Blue Grass Airport management. The questionable transactions identified were either excessive, had inadequate or no supporting documentation, or had no documented business purpose. The former Executive Director established a culture of wasteful and excessive spending that provided personal benefits for himself and others through inappropriate expenditures and arbitrary personnel actions.

The Board had established certain policies to govern the financial activity of its employees. In many instances, these policies were circumvented and in other cases the policies were inadequate. The Board had not established an adequate reporting process for it to receive sufficient information to be fully aware of these issues and to provide proper oversight of management's financial activities. An improved reporting process and stronger policies are necessary to ensure sufficient Board oversight of funds.

Blue Grass Airport management staff lost sight of their responsibility as stewards of a public agency to be accountable to the community they served. As part of the process to ensure public trust in the Blue Grass Airport going forward, this report offers over 100 recommendations to strengthen internal controls and Board oversight.

Introduction and Background

Scope

On December 4, 2008, the Lexington-Fayette Urban County Council (Urban County Council) passed Resolution Number 726-2008 requesting the Auditor of Public Accounts (APA) to perform an examination of the oversight, management, and administration of Lexington's Blue Grass Airport (BGA). In response to the Urban County Council's request, the APA initiated an engagement to ensure an independent examination was performed of certain BGA financial records, policies, and procedures. To accomplish the examination, the APA developed the following examination objectives:

- Examine credit card expenses, cash advances, and employee reimbursements;
- Determine if expenditures were excessive or unusual;
- Review certain airport policies and procedures; and,
- Report findings and recommendations related to these and other matters identified during the examination.

The examination scope encompasses records and information for the period January 2006 through December 2008, unless otherwise specified.

Airport Background

History

Lexington and Fayette County purchased 523 acres for the construction of an airport in 1940, with the first runway being constructed the next year. The United States Army operated the airport during World War II until it was turned over to the city in 1945. The first terminal was completed in 1946 with Eastern and Delta Airlines providing the first commercial passenger flights. It was during this year the airport board currently known as the Lexington-Fayette Urban County Airport Board was formed to oversee the airport. Since this time, the airport has expanded several times to increase commercial passenger capacity. At present, BGA has two runways and 15 terminal gates, ten of which have jet bridges.

Administration

BGA is owned by the Lexington-Fayette Urban County Airport Corporation, which is a public non-profit organization and a component of the Lexington-Fayette Urban County Government. The oversight of BGA is conducted through the Lexington-Fayette Urban County Airport Board (Board). The Board consists of 10 members that each serve four-year terms and may be reappointed at the end of their term for an additional four-year period. Members are appointed by the Mayor of Lexington and confirmed by the Urban County Council. The Board members are volunteers and receive no salaries.

Introduction and Background

The Board is currently structured with four committees that provide specific oversight of certain areas of BGA’s activities. Each of these committees can only report back to the entire Board, and has no authority to take action on their own. The committees include:

Finance Committee – This committee oversees and reviews financial matters of BGA, such as budget requests and monthly financial reports.

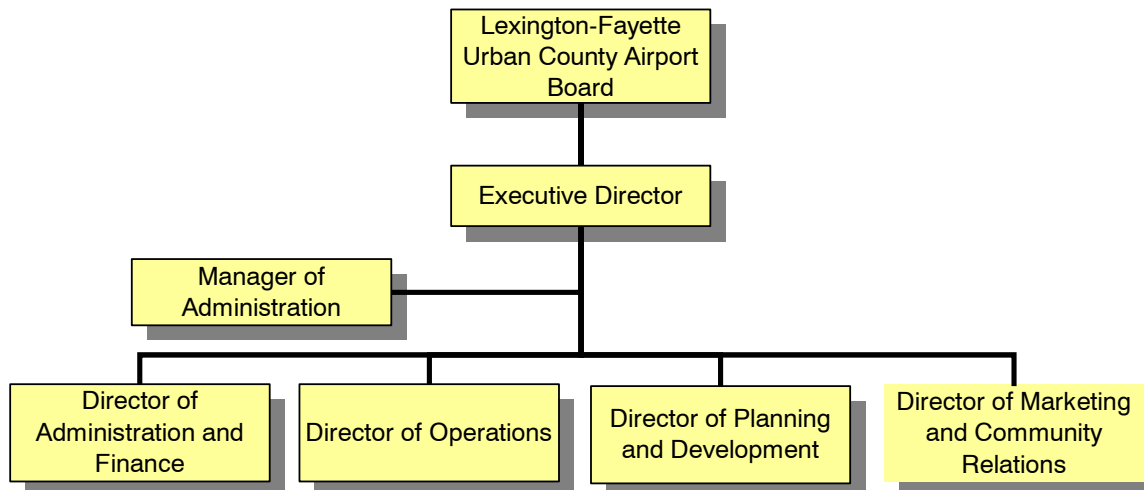
General Development and Operations Committee – This committee oversees and reviews the development and operations of BGA, such as construction projects.

Internal Affairs Committee – This committee oversees and reviews the internal affairs of BGA, such as the Executive Director’s evaluation and the ranges of compensation for BGA’s employees.

General Aviation Committee – This committee oversees and reviews matters pertaining to general aviation operations. General aviation is non-commercial, and may include individual small aircraft owners and those renting hangars at BGA.

The entire Board is responsible for overseeing the overall operations and planning of BGA, but actual day-to-day operations are managed by an executive director that is selected by the Board. All BGA staff through the organizational structure ultimately report to the executive director. The executive director is responsible for reporting activities to the Board. The following organizational chart demonstrates BGA administrative structure to the director level.

Blue Grass Airport Organization Chart



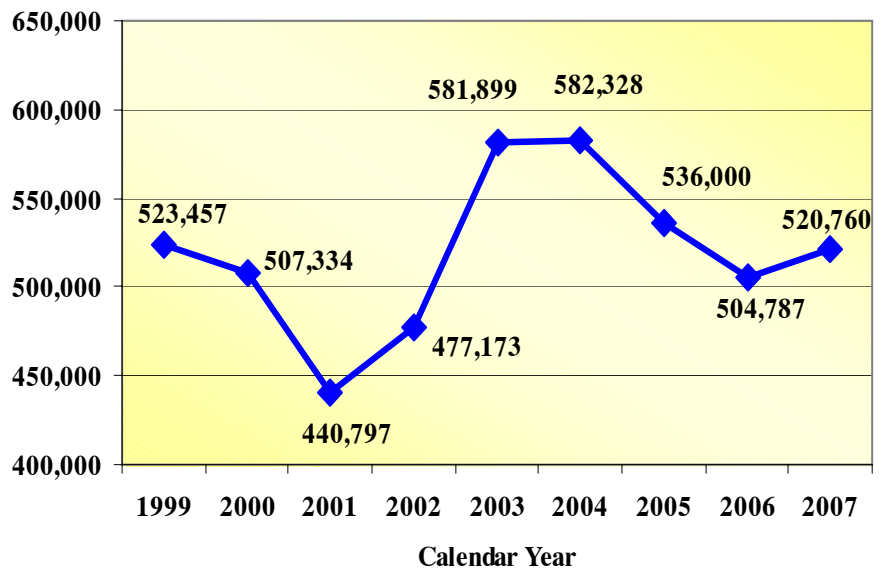
Introduction and Background

While BGA staff are responsible for the majority of the general operational duties of the airport, other parties do provide additional necessary services. The United States Government provides employees for air traffic control and passenger screening. These employees are directly employed with the federal government and do not receive payment from BGA. Staff are under the requirements and oversight of the federal government and are not responsible to the executive director or the Board. Other services are the responsibility of the airlines, such as ticket counter agents, baggage handlers, and airline fuel operators. These staff are either employees of the airline or are under contract with the airline.

Service Capacity

Currently, seven major airline brands provide most of the commercial passenger flights at the airport. Together the airlines conduct over 86 flights per day, with 43 departures and 43 arrivals. BGA typically serves about one million passengers per year, with 520,760 in enplanements during calendar year 2007. Enplanement is the industry term for the number of passengers boarding flights at a particular airport, and is the primary gauge of an airports activity. The following chart contains the number of enplanements for BGA between calendar years 1999 and 2007. It demonstrates that the airport had approximately the same number of enplanements in calendar year 2007 as it did in 1999, though the number varied widely throughout the years.

Graph 1: Blue Grass Airport Enplanements



Source: Federal Aviation Administration

Introduction and Background

Based on its passenger activity, BGA is defined as a small air traffic hub. This category is assigned to those airports that serve between .05 percent and .249 percent of all enplaned passengers nationwide. In comparison to the number of enplanements of other airports, BGA was ranked number 117 out of 575 of the nation's commercial airports based on calendar year 2007 data. Louisville International Airport was ranked number 67 and Cincinnati/Northern Kentucky International was number 30. The rankings of BGA have been consistent in previous years, fluctuating between 112 and 118 since 2004.

In addition to commercial passenger service, the airport serves the general aviation needs of recreational and business users. It also provides service to cargo carriers and military aircraft.

Financial Information

All BGA financial statement information can be found in the *Financial Statements and Independent Auditor's Report* as prepared by Potter and Company, LLP for the Airport Board. BGA operates using a fiscal year period that begins July 1 and ends June 30. The most recent report produced by Potter and Company includes both fiscal year (FY) 2007 and FY 2008. This report provides the amount and sources of revenue received by BGA, as well as, the amount and types of expenses incurred during those two years. The section that follows presents the revenue and expenses contained in the most recent report.

Revenue

As both a component of a government entity and a corporation, BGA generates revenue through fees and charges to airport users, airlines, and tenants, but also from government grants. Government grants are typically federal and state funds that have been appropriated for capital construction improvements at the airport and are not used for actual operational and administration costs. For example, \$9 million of the Road Fund was budgeted by the Commonwealth for the expansion of the general aviation runway at BGA, to be completed by 2010. In addition to federal and state funds, BGA received \$50,000 annually in local government grants in fiscal years 2006 through 2008. These local government grants were restricted for airline marketing.

Revenues at BGA are divided into two categories, operating and non-operating. During FY 2008, operating revenues were over \$11.68 million, and accounted for 63 percent of all airport revenue sources. Non-operating revenues were nearly \$6.88 million in FY 2008. Total revenues for the year were \$18,560,813. The following table contains the total revenues by category and source that were received by BGA during FY 2008.

Introduction and Background

Table 1: FY 2008 BGA Revenues by Source

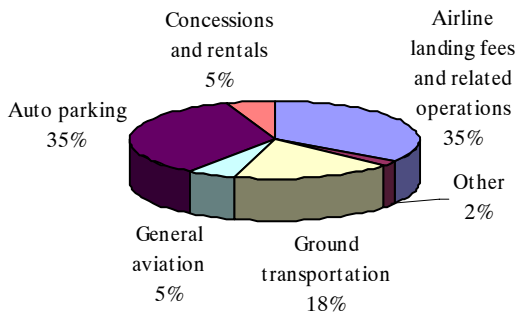
| Operating Revenue | FY 2008 |
|---|---------------------|
| Airline landing fees and Related operations | \$4,031,164 |
| Auto parking | 4,057,317 |
| Ground transportation | 2,115,711 |
| Concessions and rentals | 627,002 |
| General aviation | 631,601 |
| Other | 221,098 |
| Total Operating | \$11,683,893 |
| Non-Operating Revenue | |
| Federal and State Capital grants | 3,653,157 |
| Passenger facility charges | 2,008,943 |
| Contract facility charges | 645,547 |
| Local government grants | 50,000 |
| Investment earnings, net | 519,273 |
| Total Non-Operating | \$6,876,920 |
| Total Revenue | \$18,560,813 |

Source: Financial Statements and Independent Auditor’s Report by Potter and Company, LLP.

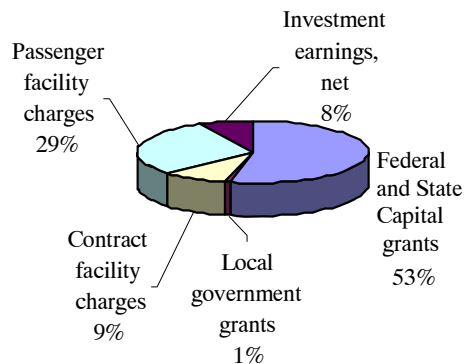
The following two charts illustrate the percentage for each of the revenue sources within each of the two categories.

Graph 2: BGA FY 2008 Revenues

FY 2008 Operating Revenues



FY 2008 Non-Operating Revenues



Source: Financial Statements and Independent Auditor’s Report by Potter and Company, LLP.

Introduction and Background

As seen in the previous table and charts, operating revenue sources are derived from commonly known charges related to the operation of the airport. Non-operating revenues are derived from either government grants or certain fee-based programs with restrictions on how the funds are used. These fee-based programs include the Contract Facility Charge and the Passenger Facility Charge.

The Contract Facility Charge is a fee of \$2 per day, for up to ten days, applied to anyone renting a car through one of the BGA car rental tenants. The fee is collected by the car rental companies as part of the car rental cost and remitted to the airport. These funds can only be used for restricted projects and not the operation of BGA. For example, the funds have previously been used for the construction of the rental car facility used to house the car rental tenants.

The Passenger Facility Charge is allowed through a program controlled by the Federal Aviation Administration (FAA). According to the FAA:

The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to \$4.50 for every enplaned passenger at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

The fees charged through this program are assessed on the tickets of each passenger. The fees are collected by the airlines and remitted on a monthly basis to the airport where the passenger was boarded. The airlines receive approximately \$0.11 per passenger as a collector's fee.

BGA currently charges the maximum \$4.50 per passenger allowable under this program. Funds generated are currently being used for direct payment on project capital costs and debt service on bonds that were issued in 1994 and 2003.

Also included in non-operating revenues are capital grants, which are typically federal and state funds provided to airports for the improvement of airport structures. This may include runways, ramps, control towers, or other structure needed for safe passenger air travel.

Expenses

Like BGA revenues, expenses are divided into the two categories of operating and non-operating. In FY 2008, operating expenses were approximately \$10.07 million, while non-operating expenses were about \$7.87 million. Total expenses for the fiscal year were \$17,948,293. The following table contains all expenses for FY 2008 by expenditure type.

Introduction and Background

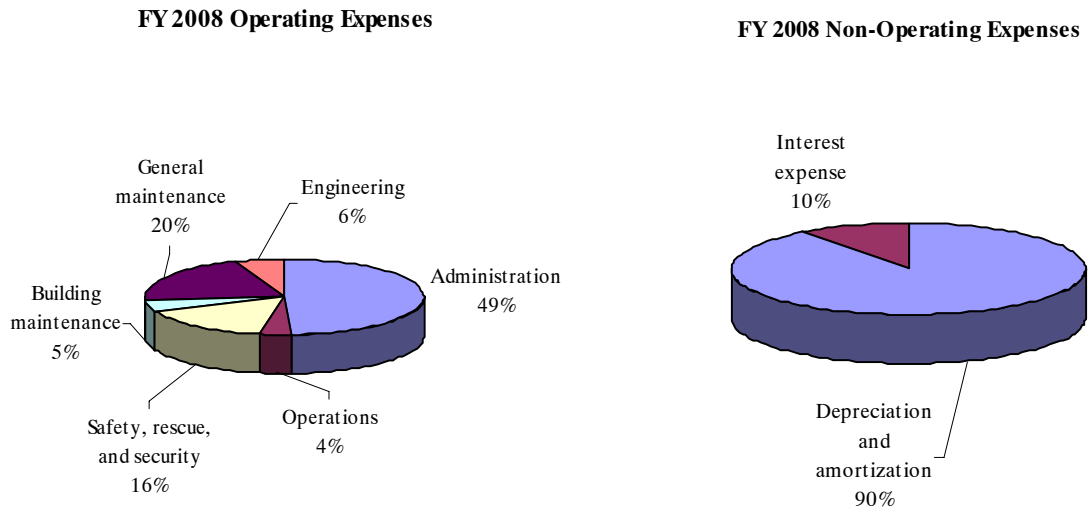
Table 2: FY 2008 BGA Expenses by Type

| Operating Expense | FY 2008 |
|-------------------------------|---------------------|
| Administration | \$4,959,145 |
| General maintenance | 2,050,019 |
| Safety, rescue, and security | 1,619,025 |
| Engineering | 594,051 |
| Building maintenance | 485,096 |
| Operations | 366,379 |
| Total Operating | \$10,073,715 |
| Non-Operating Expense | |
| Depreciation and amortization | 7,059,965 |
| Interest expense | 814,613 |
| Loss on disposal of assets | 0 |
| Total Non-Operating | \$7,874,578 |
| Total Expenses | \$17,948,293 |

Source: Financial Statements and Independent Auditor’s Report by Potter and Company, LLP.

The following two charts illustrate the percentages of each expense type by operating and non-operating expenses.

Graph 3: BGA FY 2008 Expenses



Source: Financial Statements and Independent Auditor’s Report by Potter and Company, LLP.

The financial reports do provide more specific types of expenses for those funds expended through the BGA general fund. The following table includes BGA general fund expenses for both FY 2007 and FY 2008. General fund expenses are primarily operating expenses, but due to accounting methods the total of this table does not match the total operating expenses reported in the previous table.

Introduction and Background

Table 3: BGA General Fund Expenses by Type for FY 2007 and FY 2008

| Expense Type | FY 2007 | FY 2008 |
|----------------------------------|--------------------|---------------------|
| Salary and Wages | \$3,815,636 | \$4,083,059 |
| Payroll Taxes | 259,603 | 281,429 |
| Employee Benefits | 824,202 | 890,062 |
| Repairs and Maintenance | 701,006 | 731,957 |
| Supplies and Materials | 413,804 | 456,040 |
| Uniforms | 15,352 | 4,338 |
| Training and Travel | 279,310 | 254,451 |
| Utilities | 815,101 | 878,583 |
| Insurance | 479,874 | 561,513 |
| Professional Services | 642,659 | 722,786 |
| Public Relations and Advertising | 588,950 | 667,643 |
| Customs Services | 54,539 | 56,361 |
| Retirement Plan | 447,021 | 408,320 |
| Bad Debt Recoveries | (241,199) | (17,198) |
| Miscellaneous | 77,677 | 62,761 |
| Total | \$9,173,535 | \$10,042,105 |

Source: Financial Statements and Independent Auditor's Report by Potter and Company, LLP.

*Comparison:
Budgeted to
Actual*

As with most business entities, BGA develops a budget of both revenues expected to be received and expenses to be incurred. The budget is approved by the BGA Board and serves as a guide for the operation of the airport to ensure expenses are within payment capabilities. The following tables provide a comparison of actual revenue and expenses for FY 2008 to the amounts that had been budgeted.

Table 4: FY 2008 General Fund Revenues: Budgeted to Actual

| Revenue Source | Actual | Budgeted | Difference |
|-------------------------|---------------------|---------------------|------------------|
| Airline Operations | \$4,031,164 | \$4,345,595 | \$(314,431) |
| General Aviation | 631,601 | 548,688 | 82,913 |
| Air Freight | 49,483 | 49,315 | 168 |
| Ground Transportation | 2,115,711 | 2,016,241 | 99,470 |
| Parking | 4,057,317 | 3,900,000 | 157,317 |
| Concessions and Rentals | 627,002 | 592,380 | 34,622 |
| Interest Income | 157,853 | 245,000 | (87,147) |
| Local Government Grant | 50,000 | 0 | 50,000 |
| Other | 171,615 | 42,000 | 129,615 |
| Total | \$11,891,746 | \$11,739,219 | \$152,527 |

Source: Financial Statements and Independent Auditor's Report by Potter and Company, LLP.

Introduction and Background

The above table demonstrates that while certain sources of revenue did not meet the amount expected in the budget, total revenues still exceeded the budgeted amount for the fiscal year. This was due to other sources providing a greater amount of revenue than had been expected. For example, revenue from airline operations was nearly \$300,000 less than the budgeted amount, but due to larger than predicted revenue from general aviation, ground transportation, and parking, the difference was overcome.

Table 5: FY 2008 General Fund Expenses: Budgeted to Actual

| Expense Type | Actual | Budgeted | Difference |
|--------------------------------|---------------------|--------------------|-------------------|
| Personnel Expenses | \$5,917,321 | \$5,502,218 | \$415,103 |
| Professional Expenses | 722,786 | 636,400 | 86,386 |
| Marketing and Public Relations | 667,643 | 665,000 | 2,643 |
| Insurance | 561,513 | 456,235 | 105,278 |
| Utilities | 878,583 | 820,000 | 58,583 |
| Repairs and Maintenance | 731,957 | 534,500 | 197,457 |
| Supplies | 456,040 | 320,000 | 136,040 |
| Provision for Bad Debts | (17,198) | 0 | (17,198) |
| Customs Services | 56,361 | 70,000 | (13,639) |
| Other | 67,099 | 181,980 | (114,881) |
| Total | \$10,042,105 | \$9,186,333 | \$855,772 |

Source: Financial Statements and Independent Auditor’s Report by Potter and Company, LLP.

In contrast to revenues, expenses were reported as exceeding budgeted amounts for nearly every type, leading to a total difference of over \$855,000 between actual expenses and the total budgeted amount. Since the budget was constructed so that expenses would be less than expected revenues, and actual revenues came in higher than originally budgeted, the increase in expenses above the budgeted amounts did not result in more expenses than revenue. In comparing the total revenues to total expenses, the airport had a surplus of over \$1.8 million in FY 2008.

Use of Surplus Funds

It is not atypical for an airport, like BGA, to have surplus revenue. Many airports operate in a similar manner, but there are differences in how the surplus funds are used. There are two methods employed to determine how the surplus funds will be used and they are based on the overall financial structure of the airport. The methods are defined as residual method and compensatory method.

Residual Method

Most major airports, such as large hub airports, use the residual method. Under this method the airlines have made a significant investment in the airport, and therefore retain a financial risk in the success of the airport. Remaining funds are distributed to the airlines on a negotiated basis with a share of the non-airline generated revenue going towards airport operations. If there is a residual cost for airport operations not covered by the non-airline revenue, airlines will pay all remaining costs.

Introduction and Background

Compensatory Method

If an airport is structured using the compensatory method, the airport operator assumes all financial risk in operating the airport and retains any surplus funds. Under this method, airlines are charged the actual cost for the facilities and services that they use, meaning surplus revenues must come from other sources. There are federal restrictions on how the revenue may be used. According to 49 U.S.C. § 47133, revenues may only be expended on the capital or operating costs of an airport, the local airport system, or other facility owned by the airport operator that is used for air transportation. This would preclude a transfer of the funds to another public agency.

Currently, BGA uses the compensatory method, as do most other airports of that size. Louisville International Airport also uses this method.

Analysis of Credit Card and Direct Payment Transactions

The APA conducted an examination of the oversight, management, and administration of certain BGA activity. The scope of this examination included but was not limited to the following objectives for the period January 1, 2006 through December 31, 2008:

- Examination of credit card expenses, cash advances, and employee reimbursements for BGA personnel who possessed the means and authority to directly initiate purchases;
- Determine if expenditures were excessive or unusual; and,
- Report findings and recommendations related to these and other matters identified during the examination.

The APA requested and examined financial records maintained by the BGA administrative staff for the period January 1, 2006 through December 31, 2008 for those in the positions of Executive Director, Directors, Manager of Administration, and Manager of Marketing. Information provided included credit card statements, direct payment and cash advance schedules, retail store credit card statements, internally prepared reports, and supporting documentation when available. An extensive interview process was also conducted which provided further information and insight related to specific transactions examined. All expenditures identified on the credit card statements, direct payment and cash advance schedules, and the internally prepared reports were analyzed for the examination period to determine the necessity of each expense and whether the transaction was supported by adequate documentation. All questionable expenditures were classified into one of two categories: (1) expenses that were excessive, had inadequate supporting documentation, or were for questionable business purposes; and (2) expenses with no supporting documentation.

Expenses were classified as having no supporting documentation when documentation was not available to justify the propriety of the expense. In some instances, transactions lacking proper supporting documentation could be allowable; however, the lack of proper documentation made it impossible to make a determination. Expenses were classified as having inadequate support when it could not be positively determined what was purchased based on the supporting documentation provided. In several instances, non-itemized receipts and emails were provided which did not directly identify what was purchased. Finally, expenses were classified as being excessive or having no business purpose when the purchase appeared to be excessive in nature or the supporting documentation provided did not properly indicate the business purpose for the expense.

Appendices to this report provide a detailed listing for each employee, by calendar year, of all questionable transactions as categorized by the criteria established above for both credit card expenditures and direct payments and advances. The following schedules are provided, one for credit card purchases and one for direct payments, which provides a summary chart of questioned transactions for each employee. Within each employee's summary, expenses identified in the appendix are categorized as either having no support, or having inadequate support/ a questionable business purpose. Examples of the types of unusual or excessive transactions have also been selected from the report appendices. A grand total summary is provided at the conclusion of this chapter of the report, which provides a complete summary of the questionable expenses identified during the analysis of BGA expenses for all specified employees combined during the examination period.

Analysis of Credit Card and Direct Payment Transactions

As demonstrated in Table 6 below, approximately 96.5 percent of the former Executive Director’s credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Note that in the examples of questionable credit card transactions listed below in Table 7 there were nine unsupported expenditures exceeding \$1,000, which in total composed approximately 11.9 percent of the total questionable transactions. Of these nine expenditures, two exceeded \$4,000 with one purchase made at Hobbytown USA for \$4,140 and another for \$5,856 identified on the credit card as Astoria Reception.

Table 6: Summary Analysis of Former BGA Executive Director Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$52,839.91 | \$3,518.21 | 6.66% | \$49,044.09 | 92.82% |
| 2007 | \$64,515.43 | \$3,150.66 | 4.88% | \$60,400.21 | 93.62% |
| 2008 | \$41,029.57 | \$372.24 | 0.91% | \$36,277.84 | 88.42% |
| Total | \$158,384.91 | \$7,041.11 | 4.45% | \$145,722.14 | 92.01% |

Table 7: Examples of Types of Unsupported or Questionable Credit Card Transactions of Former BGA Executive Director

(See complete list of questionable credit card transactions in Appendix 1)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|---------------------------|--------------------|-------------|------------------|
| 1/10/2006 | Waipip Villy Artworks LLC | \$926.95 | No Support | Credit Card |
| 1/29/2006 | Kona Sharks Coffee | \$315.00 | No Support | Credit Card |
| 2/20/2006 | Sierra Trading Post.Com | \$313.95 | No Support | Credit Card |
| 3/20/2006 | Liquor Barn | \$251.48 | No Support | Credit Card |
| 4/29/2006 | Walkabout Farm | \$238.50 | No Support | Credit Card |
| 5/11/2006 | Liquor Barn | \$619.88 | No Support | Credit Card |
| 5/12/2006 | Best Buy | \$240.56 | No Support | Credit Card |
| 5/12/2006 | Joseph Beth Booksellers | \$486.99 | No Support | Credit Card |
| 5/30/2006 | Encore Tickets LTD | \$259.96 | No Support | Credit Card |
| 6/3/2006 | The Copthorne Tara | \$1,363.75 | No Support | Credit Card |
| 6/23/2006 | Aramark Applebees Park | \$290.70 | No Support | Credit Card |
| 7/31/2006 | Liquor Barn | \$859.69 | No Support | Credit Card |
| 8/5/2006 | Aramark Applebees Park | \$439.00 | No Support | Credit Card |
| 8/11/2006 | Air Zoo | \$1,043.14 | No Support | Credit Card |
| 8/24/2006 | Dicks Sporting Goods | \$426.70 | No Support | Credit Card |
| 10/7/2006 | Toys R Us | \$381.34 | No Support | Credit Card |
| 10/11/2006 | The Keeneland Shop | \$970.91 | No Support | Credit Card |
| 1/13/2007 | Just Live Inc | \$330.20 | No Support | Credit Card |
| 1/27/2007 | Lowe's | \$897.82 | No Support | Credit Card |
| 2/7/2007 | Longboat Key Club | \$843.04 | No Support | Credit Card |
| 2/19/2007 | Hobbytown USA | \$4,140.79 | No Support | Credit Card |
| 3/23/2007 | Pacific Miniatures | \$294.00 | No Support | Credit Card |
| 6/19/2007 | Stubhub, Inc | \$795.75 | No Support | Credit Card |

Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|------------------------|--------------------|--|------------------|
| 6/19/2007 | Stubhub, Inc | \$790.75 | No Support | Credit Card |
| 8/8/2007 | BestBuy.com | \$400.64 | No Support | Credit Card |
| 8/30/2007 | Astoria Reception | \$5,856.02 | No Support | Credit Card |
| 10/24/2007 | Lowe's | \$1,003.82 | No Support | Credit Card |
| 11/9/2007 | Walmart.com | \$663.00 | No Support | Credit Card |
| 12/13/2007 | Hobbytown USA | \$1,007.01 | No Support | Credit Card |
| 1/14/2008 | Wilson's Leather | \$654.64 | No Support | Credit Card |
| 1/16/2008 | LBD Coffee LLC | \$730.50 | No Support | Credit Card |
| 1/19/2008 | TM* One Night of Queen | \$135.65 | No Support | Credit Card |
| 3/11/2008 | Liquor Barn | \$1,331.43 | No Support | Credit Card |
| 3/25/2008 | ViennaTicketOnline.com | \$1,368.54 | No Support | Credit Card |
| 4/4/2008 | Test Medical Systems | \$320.03 | No Support (later identified as 3 Breathalyzer Kits; per interview with a former Director for personal use of former Executive Director) | Credit Card |
| 5/11/2008 | Michaels | \$1,084.01 | No Support | Credit Card |
| 9/5/2008 | Trans Siberian Orc | \$213.20 | No Support | Credit Card |
| 10/25/2008 | Sportsmans Warehouse | \$388.70 | No Support | Credit Card |
| 11/12/2008 | Ph Advance Deposit | \$1,088.91 | No Support | Credit Card |

According to Table 8 below, approximately 92.4 percent of the former Executive Director’s direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Of particular note in the examples of questionable direct payment and cash advance transactions listed in Table 9 were five transactions of \$1,000 or more, which in total composed approximately 26.6 percent of the total questionable transactions. Of these five transactions, one was in the amount of \$3,133, and no description of the transaction could be provided.

Table 8: Summary Analysis of Former BGA Executive Director Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$9,904.32 | \$5,668.57 | 57.23% | \$2,927.81 | 29.56% |
| 2007 | \$12,941.59 | \$9,227.37 | 71.30% | \$3,133.83 | 24.22% |
| 2008 | \$8,034.74 | \$6,024.27 | 74.98% | \$1,545.83 | 19.24% |
| Total | \$30,880.65 | \$20,920.21 | 67.75% | \$7,607.47 | 24.64% |

Analysis of Credit Card and Direct Payment Transactions

Table 9: Examples of Types of Unsupported or Questionable Direct Payments to Former BGA Executive Director

(See complete list of questionable direct payments in Appendix 1)

| Transaction Date | Vendor | Transaction Amount | Check Date | Description |
|-------------------|-----------------------------|--------------------|------------|--|
| 6/8/2006 | Andover Golf & Country Club | \$550.71 | 7/28/2006 | Cart Fees, Green Fees, Food for "BGA/TSA Outing" Handwritten |
| 8/19/2006 | Evans Firearms Archery | \$74.18 | 9/15/2006 | Firearms Merchant; however, no detail provided to determine the exact items purchased |
| 8/24/2006 | The Sporting Tradition | \$321.66 | 10/13/2006 | Clothing Merchant; however, no detail provided to determine the exact items purchased |
| 12/19/2006 | Macy's | \$265.00 | 12/27/2006 | Waterford |
| 3/17/2007 | Fitness Systems | \$1,000.00 | 3/22/2007 | 1/3rd of cost for Cross Trainer Equipment; Purchased for Personal Use |
| 8/13/2007 | Leather, Inc | \$586.13 | 8/17/2007 | Computer Bag |
| 8/13/2007 | Leather, Inc | \$586.13 | 10/31/2007 | Computer Bag - Duplicate of previous expense paid through check no. 71823 |
| 12/1/2007 | eLighters.com | \$425.57 | 12/14/2007 | Unknown - Purchase made online through tobacco retailer and shipped to personal residence. |
| 3/10/2008 | Stub Hub | \$663.15 | 3/28/2008 | 4 Tickets to Florida Marlins at Atlanta Braves |
| 3/10/2008 | Stub Hub Inc | \$663.15 | 4/17/2008 | March 10, 2008 Ticket Purchase. Duplicate of previous expense paid through check no. 73847 |
| 3/22/2008 | Horse Park | \$1,100.00 | 3/28/2008 | Unknown |
| 5/10/2008 | Schwabs Pipes N Stuff | \$1,146.46 | 5/16/2008 | Unknown; however, vendor sells tobacco products |
| Unknown | Unknown | \$3,133.83 | 3/2/2007 | Unknown |
| Unknown | Various | \$1,213.34 | 11/16/2007 | Items purchased are unknown – Described as Fall Fest Expenses – Children's Gifts |
| Records not found | Unknown | \$382.53 | 4/3/2006 | Listed as Computer Equipment, Movies |

As noted in Table 10, approximately 75.7 percent of the former Director of Operations' credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. In particular, there were five transactions that exceeded \$1,000 in the examples of questionable credit card transactions provided in Table 11. In total, these five transactions comprised approximately 19 percent of the total questionable transactions. Regarding one of these five transactions, \$4,389 was paid to Prince Hotels of Hawaii that include numerous expenses that appear excessive or personal in nature.

Analysis of Credit Card and Direct Payment Transactions

Table 10: Summary Analysis of Former BGA Director of Operations Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$16,272.06 | \$8,754.31 | 53.80% | \$3,669.27 | 22.55% |
| 2007 | \$27,595.28 | \$10,080.66 | 36.53% | \$10,873.22 | 39.40% |
| 2008 | \$25,790.77 | \$15,011.45 | 58.20% | \$4,324.49 | 16.77% |
| Total | \$69,658.11 | \$33,846.42 | 48.59% | \$18,866.98 | 27.09% |

Table 11: Examples of Types of Unsupported or Questionable Credit Card Transactions of BGA Former Director of Operations

(See complete list of questionable credit card transactions in Appendix 2)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-----------------------------------|--------------------|---|------------------|
| 2/24/2006 | Big 5 Sporting Goods - Sparks, NV | \$85.88 | 2 Pair of shoes from Sport's Catalog | Credit Card |
| 5/17/2006 | Collins Southland - Lexington | \$45.00 | Bowling Alley; Team Building Exercise | Credit Card |
| 5/22/2006 | Best Buy - Lexington | \$476.99 | 19" LCD TV | Credit Card |
| 6/14/2006 | Liquor Barn - Lexington | \$178.19 | Cigars Purchased At Liquor Store | Credit Card |
| 7/10/2006 | Brickyard Crossing - Indianapolis | \$101.76 | Logo Ball, Cap, etc at Indianapolis Speedway | Credit Card |
| 7/19/2006 | CincinnatiGames.Biz | \$40.90 | Purchased Cornhole Bags | Credit Card |
| 7/20/2006 | Club Venus | \$168.34 | Gentlemen's Club | Credit Card |
| 7/20/2006 | The Batter Box - Cincinnati, OH | \$376.00 | 4 Polos and 8 caps at ball park in Cincinnati | Credit Card |
| 7/27/2006 | The Discovery Channel Catalog | \$597.64 | DVDs for Employee Library - Purchase Made by former Executive Director On Another's Credit Card | Credit Card |
| 8/8/2006 | The Discovery Channel Catalog | \$14.60 | DVDs for Employee Library - Purchase Made by former Executive Director On Another's Credit Card | Credit Card |
| 8/12/2006 | Brewsters Junction - MI | \$200.00 | Dinner for Unknown Purpose | Credit Card |
| 8/15/2006 | The Discovery Channel Catalog | \$79.50 | DVDs for Employee Library - Purchase Made by former Executive Director On Another's Credit Card | Credit Card |
| 8/18/2006 | The Discovery Channel Catalog | \$8.45 | DVDs for Employee Library - Purchase Made by former Executive Director On Another's Credit Card | Credit Card |
| 8/18/2006 | Dick's Sporting Goods - Lexington | \$1,899.49 | Purchase 3 - Shotguns, a Rifle Combo, and Accessories | Credit Card |

Chapter 2

Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|--|--------------------|--|------------------|
| 9/1/2006 | Liquor Barn - Lexington | \$239.54 | Cigars Purchased At Liquor Store | Credit Card |
| 9/22/2006 | Golf Club of Bluegrass - Nicholasville | \$275.00 | Golf Outing - Nicholasville | Credit Card |
| 9/22/2006 | Liquor Barn - Lexington | \$129.01 | Cigars and Playing Cards Purchased At Liquor Store | Credit Card |
| 10/11/2006 | Geno's Formal Affair | \$148.40 | Unknown Purchase At Formal Attire Store | Credit Card |
| 11/6/2006 | Utah Jazz | \$175.55 | 2 Tickets To The Utah Jazz | Credit Card |
| 11/15/2006 | Liquor Barn - Lexington | \$477.16 | Unknown Purchase At Liquor Store - Requested by former Executive Director | Credit Card |
| 12/11/2006 | America - National Airport | \$29.28 | Calendar & 2 Pack Golf Balls Purchased At An Airport | Credit Card |
| 3/7/2007 | Barry's Ticket Service | \$697.00 | 4 Tickets To The June 16, 2007 Baltimore Orioles VS Arizona Diamondback Game | Credit Card |
| 4/10/2007 | XM Radio | \$89.70 | Unknown satellite radio equipment | Credit Card |
| 4/26/2007 | Sporty's Catalog | \$717.95 | Unknown Purchase From A Sporting Catalog | Credit Card |
| 5/2/2007 | Airport Wireless - Washington DC | \$83.98 | Purchase Blackberry Holster and Vehicle Charger At Airport Shop In Washington DC | Credit Card |
| 5/13/2007 | Hyatt Regency - Washington DC | \$250.76 | Lodging For Board Member | Credit Card |
| 6/4/2007 | Tyler Tool Co, Inc | \$183.95 | 2 Leatherman Tools From A Tool Company | Credit Card |
| 6/10/2007 | TLF - Florist | \$93.00 | Florist Purchase | Credit Card |
| 6/15/2007 | Best Buy - Lexington | \$529.99 | Tom-Tom Navigation System From A Store In Lexington | Credit Card |
| 6/21/2007 | Bose Corporation | \$739.88 | 2 Bose Headphones/MP3 Player | Credit Card |
| 8/6/2007 | Skygeek.com | \$307.58 | Ground Radio - Nav & Com | Credit Card |
| 8/17/2007 | Cherry Blossom Golf Course | \$195.04 | Purchase Adidas Shorts and UK Vest at Country Club in KY | Credit Card |
| 8/30/2007 | Golf Galaxy - Louisville | \$676.14 | Purchased Golf Equipment At A Store In Louisville | Credit Card |
| 9/6/2007 | Nevada Bob's Golf - Lexington | \$204.52 | Golf Umbrella, 2 Pair of Shoes At A Golf Store in Lexington | Credit Card |
| 9/6/2007 | Liquor Barn - Lexington | \$258.88 | Liquor Barn - Lexington | Credit Card |

Chapter 2

Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|------------------------------------|--------------------|--|------------------|
| 9/17/2007 | The Alpine Pro Shop | \$177.00 | Nike Rental Clubs And 3 - 18 Hole Rounds of Golf in Boyne Falls, MI | Credit Card |
| 12/14/2007 | Berkshire Trains | \$625.38 | No Support | Credit Card |
| 1/9/2008 | Dahana Ranch - Hawaii | \$1,499.51 | Horseback Riding In Hawaii At A Ranch | Credit Card |
| 1/12/2008 | Prince Hotels - Hawaii | \$4,389.60 | Lodging, Hapuna golf shop, beach bar, in room movie, room service, Island Breeze, Reef Lounge, gift shop, Café Hapuna, Beach/Pool Rental, etc. | Credit Card |
| 2/25/2008 | AT&T Center Fan Stand - TX | \$231.00 | Shirt, Jersey, And 2 Caps Purchased At A Sports Shop in San Antonio, TX | Credit Card |
| 5/5/2008 | VegasGolfTheGame.com | \$84.90 | Purchased On Line - High Roller Complete Collection & Vegas Golf Basic Set - 8 Chips | Credit Card |
| 6/13/2008 | AT&T - Buford, GA | \$76.31 | Purchased a Motorola Blue Tooth Headset Under An Unidentified Account Name in Buford, GA | Credit Card |
| 7/7/2008 | Sporty's.com | \$201.50 | Purchased a Vintage Flight Propeller As a Gift for a Board Member | Credit Card |
| 10/22/2008 | The Ritz Carlton - Arlington VA | \$1,155.59 | Lodging at Upscale Hotel for a Conference | Credit Card |
| 11/11/2008 | XM Satellite Radio | \$69.53 | Unknown satellite radio equipment | Credit Card |
| 11/11/2008 | XM Satellite Radio | \$90.47 | Unknown satellite radio equipment | Credit Card |
| 11/12/2008 | XM Satellite Radio | \$290.29 | Unknown satellite radio equipment | Credit Card |
| 11/18/2008 | E Bauer | \$1,046.17 | Well Known Clothing Store | Credit Card |
| 11/21/2008 | Jonathan At Gratz Park - Lexington | \$433.07 | Dinner At An Upscale Restaurant Without Explanation | Credit Card |

Regarding the direct payments and cash advance transactions noted in Table 12, approximately 32.1 percent of the former Director of Operations' direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Depicted in Table 13 are seven unsupported examples of questionable direct payment and cash advance transactions, which comprised approximately 54.4 percent of the total questionable transactions.

Analysis of Credit Card and Direct Payment Transactions

Table 12: Summary Analysis of Former BGA Director of Operations Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$1,097.00 | \$654.00 | 59.62% | \$225.00 | 20.51% |
| 2007 | \$5,208.01 | \$384.00 | 7.37% | \$965.97 | 18.55% |
| 2008 | \$2,152.50 | \$160.00 | 7.43% | \$326.00 | 15.15% |
| Total | \$8,457.51 | \$1,198.00 | 14.16% | \$1,516.97 | 17.94% |

Table 13: Examples of Types of Unsupported or Questionable Direct Payments to Former BGA Director of Operations

(See complete list of questionable direct payment transactions in Appendix 2)

| Transaction Date | Transaction Amount | Check Date | Description |
|------------------|--------------------|------------|---|
| 1/20/2006 | \$270.00 | 1/20/2006 | Advance Per Diem Not Supported by Expense Report |
| 7/7/2007 | \$307.95 | 8/24/2007 | Entertainment on Germany Trip |
| 7/13/2007 | \$200.00 | 7/13/2007 | Miscellaneous expenses not supported by Expense Report |
| 8/2/2007 | \$55.00 | 8/3/2007 | 2007 Golf Outing not Supported |
| 8/24/2007 | \$197.02 | 8/24/2007 | Reimbursement for personal credit charges Not Supported by Expense Report |
| 12/28/2007 | \$288.00 | 12/28/2007 | Advance Per Diem Not Supported by Expense Report |
| 10/6/2008 | \$160.00 | 10/6/2008 | Advance Per Diem Not Supported by Expense Report |

As shown in Table 14 below, approximately 67.4 percent of the former Director of Administration and Finance’s credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Of specific note, there were six transactions that exceeded \$1,000 in the examples of questionable credit card transactions in Table 15. Altogether, these six transactions made up approximately 20.4 percent of the total questionable transactions. Of these six transactions, two were over \$3,000 with one purchase made at Hyatt Hotels of Koloa, Hawaii for \$3,507 and another made for TIVO services in the amount of \$3,826.

Table 14: Summary Analysis of Former BGA Director of Administration and Finance Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$36,160.93 | \$12,587.09 | 34.81% | \$9,918.57 | 27.43% |
| 2007 | \$31,389.54 | \$10,197.89 | 32.49% | \$12,780.79 | 40.72% |
| 2008 | \$23,919.57 | \$10,410.70 | 43.52% | \$5,780.96 | 24.17% |
| Total | \$91,470.04 | \$33,195.68 | 36.29% | \$28,480.32 | 31.14% |

Analysis of Credit Card and Direct Payment Transactions

Table 15: Examples of Types of Unsupported or Questionable Credit Card Transactions of Former BGA Director of Administration and Finance
(See complete list of questionable credit card transactions in Appendix 3)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-----------------------------|--------------------|--|------------------|
| 12/30/2005 | Downtown Athletic Club | \$368.00 | Gym Membership | Credit Card |
| 2/21/2006 | Pure Las Vegas | \$702.00 | Per interview: Purchase of a single bottle of Champagne. | Credit Card |
| 2/23/2006 | Hyatt Hotels Lake Tahoe | \$1,049.43 | No Itemized Support. Restaurant charge per interview included purchase of a \$700 bottle of Champagne. | Credit Card |
| 3/31/2006 | Delta Air | \$495.20 | Travel; Not For Cardholder. | Credit Card |
| 3/31/2006 | Delta Air | \$328.10 | Travel; Not For Cardholder. | Credit Card |
| 4/29/2006 | Outback | \$240.39 | Meals For Rolex Special Event With No Itemized Support | Credit Card |
| 5/26/2006 | Applebee's Mt. Sterling | \$232.24 | Meals With No Itemized Support | Credit Card |
| 7/22/2006 | Auto Europe | \$387.00 | Mini Bus Transportation | Credit Card |
| 7/22/2006 | Auto Europe | \$387.00 | Mini Bus Transportation | Credit Card |
| 7/25/2006 | Jones Byrd Clubhouse | \$46.00 | Round of Golf in Sunset Beach, NC. | Credit Card |
| 7/25/2006 | Jones Byrd Clubhouse | \$138.00 | Three Rounds of Golf in Sunset Beach, NC. | Credit Card |
| 7/25/2006 | Jones Byrd Clubhouse | \$283.55 | Golf Clothing | Credit Card |
| 8/21/2006 | Old Silo Golf club | \$84.80 | No Itemized Support | Credit Card |
| 9/4/2006 | Cracker Barrel | \$71.56 | Several Children's Meals Were Noted. | Credit Card |
| 9/13/2006 | Willard Intercontinental DC | \$708.76 | One Night Hotel Stay For Award Ceremony | Credit Card |
| 9/13/2006 | Murray's | \$260.33 | No Itemized Support; Lexington, KY | Credit Card |
| 9/14/2006 | US Sedan Service | \$276.64 | Limo Service, Washington, DC. | Credit Card |
| 9/15/2006 | US Sedan Service | \$276.64 | Limo Service, Washington, DC. | Credit Card |
| 10/9/2006 | Delta Air | \$1,228.60 | Airfare to Washington D.C. | Credit Card |
| 1/2/2007 | JC Penney Mt. Sterling | \$296.78 | Support Could Not Be Read | Credit Card |
| 1/10/2007 | Poipu Bay Golf Course | \$292.70 | Golf Shoes, Golf Gloves, etc. | Credit Card |
| 1/12/2007 | Hyatt Hotels Kauai Koloa | \$3,507.43 | Hotel Stay Included Spa, Bar, Golf Cart, Tide Pool Dinner, and a Botanical Tour. | Credit Card |
| 3/20/2007 | Bose Corporation | \$391.14 | Headphones for former Executive Director. | Credit Card |
| 4/19/2007 | Turf Catering Keeneland | \$384.29 | Meals With No Itemized Support | Credit Card |
| 4/19/2007 | Downtown Athletic Club Lex | \$499.00 | No Itemized Support; Gym Membership | Credit Card |

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Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-------------------------|--------------------|---|------------------|
| 4/26/2007 | Max and Erma's | \$138.27 | Meals With No Itemized Support | Credit Card |
| 5/2/2007 | Scott O Davenport Golf | \$335.40 | Golf Clothing and Supplies. | Credit Card |
| 9/15/2007 | The Game Golf Division | \$155.15 | Golf Supplies | Credit Card |
| 11/9/2007 | Walmart.com | \$663.00 | No Support; Wii and Accessories | Credit Card |
| 11/9/2007 | Hamgo | \$748.25 | No Support; Electronics Supplier | Credit Card |
| 12/21/2007 | Garmin International | \$314.99 | No Support; GPS Supplies | Credit Card |
| 1/28/2008 | Kennedy Space Center | \$146.28 | No Itemized Support | Credit Card |
| 2/22/2008 | The GPS Store | \$639.85 | Handheld GPS w/Marine Charts and related items for former Executive Director. | Credit Card |
| 2/22/2008 | The GPS Store | \$138.90 | Handheld GPS w/Marine Charts and related items. | Credit Card |
| 2/27/2008 | Digital Pressworks | \$264.71 | Inland Rivers Card for former Executive Director. | Credit Card |
| 3/25/2008 | Garmin International | \$389.26 | GPS of the Alps and Greece for former Executive Director. | Credit Card |
| 5/7/2008 | TomTom.Com | \$79.95 | Map of Italy for former Executive Director. | Credit Card |
| 6/9/2008 | Champions Pro Shop | \$159.00 | Golf Supplies; No Itemized Support | Credit Card |
| 7/1/2008 | Jones Byrd Clubhouse NC | \$458.37 | Six Rounds of Golf, Clothing, and Golf Supplies | Credit Card |
| 10/7/2008 | Marriott Lexington | \$220.18 | Meals With No Itemized Support | Credit Card |
| 11/4/2008 | Amazon.Com | \$1,692.14 | Canon Telephoto Zoom Lens | Credit Card |
| 11/12/2008 | TIVO Service | \$3,826.62 | TIVO Units 2 transactions \$2,554.67 credit received. \$1,271.95 balance remains. | Credit Card |
| 11/12/2008 | LCD Digital | \$1,299.94 | Three 8.4" LCD TV's Replacements for Airport Vehicles | Credit Card |
| 11/19/2008 | MYRADIOSTORE.COM | \$197.29 | Accessory for former Executive Director's Satellite Radio | Credit Card |

As shown in Table 16, approximately 48 percent of the former Director of Administration and Finance’s direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. The five examples of questionable direct payment and cash advance transactions in Table 17 composed approximately 75.7 percent of the total questionable transactions. Several transactions totaling \$1,587 were for internet reimbursement.

Analysis of Credit Card and Direct Payment Transactions

Table 16: Summary Analysis of Former BGA Director of Administration and Finance Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$2,932.52 | \$561.58 | 19.15% | \$545.12 | 18.59% |
| 2007 | \$2,562.23 | \$724.95 | 28.29% | \$875.00 | 34.15% |
| 2008 | \$1,475.90 | \$607.38 | 41.15% | \$32.00 | 2.17% |
| Total | \$6,970.65 | \$1,893.91 | 27.17% | \$1,452.12 | 20.83% |

Table 17: Examples of Types of Unsupported or Questionable Direct Payments to Former Director of Administration and Finance

(See complete list of questionable direct payment transactions in Appendix 3)

| Transaction Date | Transaction Amount | Check Date | Description |
|------------------|--------------------|------------|--|
| 3/16/2007 | \$750.00 | 3/16/2007 | Marketing |
| 5/31/2007 | \$140.20 | 8/17/2007 | 2 Rascal Flatts tickets- Marketing |
| 8/20/2007 | \$35.90 | 8/24/2007 | Balls & Mulligans- Mt. Sterling Chamber golf |
| 10/14/2008 | \$19.98 | 11/25/2008 | Beer @ Liquor Barn |
| 2006 - 2008 | \$1,587.25 | 2006-2008 | Reimbursement for internet |

As demonstrated in Table 18 below, approximately 48.3 percent of the former Director of Planning and Development’s credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Notable in the examples of questionable credit card transactions in Table 19 were two expenditures that exceeded \$500. Of these two expenditures, one purchase was made at Dick’s Sporting Goods in the amount of \$636, and the other was made online at www.walmart.com for \$663. These two transactions represented approximately 6.5 percent of the total questionable transactions.

Table 18: Summary Analysis of Former BGA Director of Planning and Development Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$17,607.87 | \$7,705.00 | 43.76% | \$1,247.84 | 7.09% |
| 2007 | \$10,338.25 | \$6,671.12 | 64.53% | \$80.00 | 0.77% |
| 2008 | \$13,503.92 | \$4,194.06 | 31.06% | \$122.00 | 0.90% |
| Total | \$41,450.04 | \$18,570.18 | 44.80% | \$1,449.84 | 3.50% |

Analysis of Credit Card and Direct Payment Transactions

Table 19: Examples of Types of Unsupported or Questionable Credit Card Transactions of Former BGA Director of Planning and Development
 (See complete list of questionable credit card transactions in Appendix 4)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-------------------------------------|--------------------|--|------------------|
| 1/9/2006 | Pure Paradise | \$20.78 | Gifts | Credit Card |
| 1/12/2006 | Francis H II Brown | \$480.20 | Resort golf fee, rental clubs, balls | Credit Card |
| 5/17/2006 | Collins Southland | \$291.50 | Bowling | Credit Card |
| 7/21/2006 | Houston Oaks Golf Course | \$62.40 | Golf outing | Credit Card |
| 8/8/2006 | The Honeybaked Ham Company | \$69.07 | Ham, Rolls, Swiss, & Cheddar for bereavement meal | Credit Card |
| 8/18/2006 | Evan's Firearms & Archery | \$476.41 | Shotgun | Credit Card |
| 8/22/2006 | Dick's Sporting Goods | \$636.00 | 26 shirts | Credit Card |
| 8/22/2006 | Dick's Sporting Goods | \$282.31 | Clay targets, Polos, shotgun cleaning kit, target load, shells | Credit Card |
| 8/25/2006 | Kmart | \$101.46 | Vests, Dove & Quail, Guncase, Shell Bag | Credit Card |
| 9/21/2006 | Murray's (Lexington) | \$33.00 | BGA Golf outing | Credit Card |
| 9/21/2006 | Murray's (Lexington) | \$165.00 | BGA Golf outing | Credit Card |
| 12/10/2006 | Allsports | \$121.89 | Bengals Jacket & Steelers | Credit Card |
| 12/10/2006 | Day By Day Calendar Company | \$12.71 | Calendar for Christmas Gift | Credit Card |
| 12/11/2006 | Bed, Bath and Beyond | \$43.05 | Candles, Tart burners, Tarts | Credit Card |
| 12/12/2006 | The Paradies Shops | \$29.67 | NCAA Promo Hoody | Credit Card |
| 12/16/2006 | Marriott (Lexington) | \$80.00 | Wedding | Credit Card |
| 7/27/2007 | Woodford Hills | \$108.00 | Golf outing | Credit Card |
| 10/29/2007 | Sportsman Warehouse | \$230.30 | Ammunition | Credit Card |
| 10/31/2007 | Dick's Clothing & Sporting Goods | \$50.71 | Game load - 12 gage/20 gage | Credit Card |
| 11/8/2007 | Walmart.com | \$663.00 | Wii games, Wii console, Wii controllers, | Credit Card |
| 11/17/2007 | Wilson Nurseries | \$28.61 | Vertical wall organizer (X-Mas Gift) | Credit Card |
| 11/30/2007 | The Home Depot | \$230.74 | Sharpener, Tie Downs, Tools (X-Mas Gift) | Credit Card |
| 12/8/2007 | Woodford Reserve Distillery | \$42.40 | Barrel Head (X-Mas Gift) | Credit Card |
| 8/7/2008 | Woodford County Chamber of Commerce | \$80.00 | Golf outing | Credit Card |

As highlighted in Table 20, approximately 83.6 percent of the Director of Planning and Development's direct payment and cash advance transactions reviewed had inadequate documentation or had a questionable business purpose. Provided in Table 21 is one example transaction in the amount of \$515, which made up approximately 84.4 percent of the total questionable transactions.

Analysis of Credit Card and Direct Payment Transactions

Table 20: Summary Analysis of Former BGA Director of Planning and Development Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$635.59 | \$515.59 | 81.12% | \$0.00 | 0.00% |
| 2007 | \$67.00 | \$67.00 | 100.00% | \$0.00 | 0.00% |
| 2008 | \$28.00 | \$28.00 | 100.00% | \$0.00 | 0.00% |
| Total | \$730.59 | \$610.59 | 83.57% | \$0.00 | 0.00% |

Table 21: Examples of Types of Unsupported or Questionable Direct Payments to Former BGA Director of Planning and Development

(See complete list of questionable credit card transactions in Appendix 4)

| Transaction Date | Transaction Amount | Check Date | Description |
|------------------|--------------------|------------|---|
| 1/10/2006 | \$515.59 | 1/27/2006 | Golf Charged to the Credit Card as Identified on the Expense Report |

As illustrated in Table 22 below, approximately 58.8 percent of the Director of Marketing and Community Relations’ credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Of note in the examples of questionable credit card transactions in Table 23, one purchase was made in the amount of \$2,227 from Godiva Chocolatier. This purchase represented approximately 3.3 percent of the total questionable transactions.

Table 22: Summary Analysis of BGA Director of Marketing and Community Relations Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$14,971.70 | \$2,798.87 | 18.69% | \$2,019.48 | 13.49% |
| 2007 | \$60,135.10 | \$26,461.22 | 44.00% | \$7,201.25 | 11.98% |
| 2008 | \$39,614.37 | \$18,686.56 | 47.17% | \$10,257.64 | 25.89% |
| Total | \$114,721.17 | \$47,946.65 | 41.79% | \$19,478.37 | 16.98% |

Table 23: Examples of Types of Unsupported or Questionable Credit Card Transactions of BGA Director of Marketing and Community Relations

(See complete list of questionable credit card transactions in Appendix 5)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-----------------------|--------------------|------------------------|------------------|
| 9/9/2006 | The Men's Wearhouse | \$689.52 | Tux | Credit Card |
| 9/9/2006 | The Men's Wearhouse | \$10.60 | Tux Deposit | Credit Card |
| 10/4/2006 | Liquor Barn | \$66.98 | Liquor | Credit Card |
| 10/20/2006 | Cinemark Fayette Mall | \$21.25 | Movies - Team Building | Credit Card |

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Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|--------------------------|--------------------|-------------------------------------|------------------|
| 11/29/2006 | National City | \$93.78 | Finance Charges | Credit Card |
| 12/9/2006 | Liquor Barn | \$60.62 | Liquor | Credit Card |
| 12/16/2006 | Godiva | \$44.24 | Gifts | Credit Card |
| 12/16/2006 | Rebecca Ruth | \$80.03 | No Itemized Support | Credit Card |
| 12/16/2006 | Rebecca Ruth | \$25.33 | No Itemized Support | Credit Card |
| 12/19/2006 | Berkshire Trains | \$423.98 | Christmas Gift - Trains | Credit Card |
| 1/27/2007 | UK Bookstore | \$151.57 | UK Sports Apparel | Credit Card |
| 2/15/2007 | The Village Vineyard | \$261.97 | Liquor | Credit Card |
| 2/26/2007 | Liquor Barn | \$64.35 | Liquor | Credit Card |
| 3/29/2007 | National City | \$90.37 | Finance Charge | Credit Card |
| 4/21/2007 | The Village Vineyard | \$53.97 | Liquor | Credit Card |
| 5/30/2007 | National City | \$82.04 | Finance Charge | Credit Card |
| 6/14/2007 | Grand Hyatt - Washington | \$45.00 | Liquor | Credit Card |
| 6/27/2007 | Liquor Barn | \$476.43 | Liquor | Credit Card |
| 7/30/2007 | National City | \$177.95 | Finance Charge | Credit Card |
| 8/6/2007 | Man O War Golf | \$100.00 | Golf Lessons | Credit Card |
| 8/19/2007 | Man O War Golf | \$75.00 | Golf Lessons | Credit Card |
| 8/23/2007 | Wines on Vine | \$128.00 | Liquor | Credit Card |
| 8/23/2007 | Liquor Barn | \$156.89 | Liquor | Credit Card |
| 8/25/2007 | Man O War Golf | \$75.00 | Golf Lessons | Credit Card |
| 9/8/2007 | Man O War Golf | \$75.00 | Golf Lessons | Credit Card |
| 9/28/2007 | National City | \$151.06 | Finance Charge | Credit Card |
| 11/7/2007 | Stubhub | \$1,437.55 | 4 Tickets for an Atlanta Hawks Game | Credit Card |
| 11/13/2007 | Walmart.Com | \$663.00 | Christmas Gift - Wii System | Credit Card |
| 11/21/2007 | Stubhub | \$729.75 | Hannah Montana Tickets | Credit Card |
| 11/29/2007 | National City | \$157.84 | Finance Charge | Credit Card |
| 12/5/2007 | Pepsi Center | \$18.75 | Liquor | Credit Card |
| 12/11/2007 | Tickets Now | \$703.45 | Hannah Montana Tickets | Credit Card |
| 12/15/2007 | Rebecca Ruth | \$125.84 | Candy | Credit Card |
| 12/17/2007 | Godiva Chocolatier | \$2,227.44 | Candy | Credit Card |
| 12/18/2007 | Godiva Chocolatier | \$450.48 | Candy | Credit Card |
| 12/19/2007 | Godiva Chocolatier | \$154.18 | Candy | Credit Card |
| 12/20/2007 | Godiva Chocolatier | \$118.20 | Candy | Credit Card |
| 2/28/2008 | National City | \$184.19 | Finance Charge | Credit Card |
| 3/11/2008 | 877 Spirits Inc | \$438.00 | Liquor | Credit Card |
| 5/17/2008 | Liquor Barn | \$164.89 | Liquor | Credit Card |
| 6/3/2008 | Rochester Big & Tall | \$390.95 | Golf Shirts | Credit Card |
| 6/21/2008 | Ticket Master | \$122.17 | Red, White and Boom Tickets | Credit Card |
| 7/2/2008 | Liquor Barn | \$76.78 | Liquor | Credit Card |
| 7/18/2008 | Delta Air | \$730.00 | Tucson Trip | Credit Card |
| 7/18/2008 | Delta Air | \$455.00 | Tucson Trip | Credit Card |
| 7/18/2008 | Delta Air | \$730.00 | Tucson Trip | Credit Card |

Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|--------------------------------|--------------------|----------------|------------------|
| 7/18/2008 | Delta Air | \$583.00 | Tucson Trip | Credit Card |
| 7/18/2008 | Delta Air | \$583.00 | Tucson Trip | Credit Card |
| 7/19/2008 | La Parrilla Suiza - Tucson, AZ | \$34.63 | Tucson Trip | Credit Card |
| 7/19/2008 | Avis Rent a Car - Tucson, AZ | \$73.83 | Tucson Trip | Credit Card |
| 7/20/2008 | Hyatt Place Tucson | \$90.64 | Tucson Trip | Credit Card |
| 7/20/2008 | Hyatt Place Tucson | \$90.64 | Tucson Trip | Credit Card |
| 7/20/2008 | Hyatt Place Tucson | \$6.75 | Tucson Trip | Credit Card |
| 9/9/2008 | Liquor Barn | \$31.79 | Liquor | Credit Card |
| 10/30/2008 | National City | \$42.50 | Finance Charge | Credit Card |

Regarding the direct payments and cash advance transactions noted in Table 24 below, approximately 6.9 percent of the Director of Marketing and Community Relations’ direct payment and cash advance transactions reviewed had inadequate documentation or had a questionable business purpose. Featured in 25 below are seven examples of questionable direct payment and cash advance transactions, which comprised approximately 75.4 percent of the total questionable transactions.

Table 24: Summary Analysis of BGA Director of Marketing and Community Relations Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$14,030.60 | \$136.00 | 0.97% | \$0.00 | 0.00% |
| 2007 | \$2,209.32 | \$389.98 | 17.65% | \$0.00 | 0.00% |
| 2008 | \$2,462.17 | \$772.95 | 31.39% | \$0.00 | 0.00% |
| Total | \$18,702.09 | \$1,298.93 | 6.95% | \$0.00 | 0.00% |

Table 25: Examples of Types of Unsupported or Questionable Direct Payments to BGA Director of Marketing and Community Relations

(See complete list of questionable direct payment transactions in Appendix 5)

| Transaction Date | Transaction Amount | Check Date | Description |
|------------------|--------------------|------------|---|
| 12/21/2006 | \$136.00 | 12/22/2006 | Home Internet (July-Dec) |
| 9/14/2007 | \$104.98 | 9/18/2007 | Home Internet (July -Sept) |
| 3/8/2008 | \$274.98 | 3/14/2008 | Home Internet (Jan-Mar) and Urban Active Fitness Membership (Feb & Mar) |
| 4/25/2008 | \$104.99 | 4/25/2008 | Home Internet (April) and Urban Active Fitness Membership |
| 5/23/2008 | \$104.99 | 5/23/2008 | Home Internet (May) and Urban Active Fitness Membership |
| 6/13/2008 | \$104.99 | 6/19/2008 | Home Internet (June) and Urban Active Fitness Membership |
| 11/13/2008 | \$148.00 | 11/17/2008 | 4 Month Home Internet (August-November) |

Analysis of Credit Card and Direct Payment Transactions

As indicated in Table 26 below, approximately 53.9 percent of the Manager of Administration credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Provided in the examples of questionable credit card transactions in Table 27 below were four expenditures that exceeded \$750. Among the four noted purchases, \$780 was expended for employees' spouses to attend the American Association of Airport Executives (AAAE) Meeting and Conference, \$846 was spent at the Cigar Oasis, and a total of \$1,672 was spent at Azure Restaurant on two separate dates. These transactions amounted to 8.5 percent of the total questionable transactions.

Table 26: Summary Analysis of BGA Manager of Administration Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$23,675.90 | \$5,732.85 | 24.21% | \$6,556.66 | 27.69% |
| 2007 | \$24,678.74 | \$9,745.10 | 39.49% | \$2,429.05 | 9.84% |
| 2008 | \$23,696.54 | \$11,187.01 | 47.21% | \$2,839.91 | 11.98% |
| Total | \$72,051.18 | \$26,664.96 | 37.01% | \$11,825.62 | 16.41% |

Table 27: Examples of Types of Unsupported or Questionable Credit Card Transactions of BGA Manager of Administration

(See complete list of questionable credit card transactions in Appendix 6)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|-----------------------------|--------------------|---|------------------|
| 1/10/2006 | NA'ALAPA Stables- Kohala | \$468.78 | No Support | Credit Card |
| 2/7/2006 | Malone's | \$410.12 | Meals With No Itemized Support Provided | Credit Card |
| 3/18/2006 | Nicholson's Pub | \$46.26 | No Itemized Support; Cincinnati, OH | Credit Card |
| 8/22/2006 | Dicks Clothing and Sporting | \$636.00 | 26 Polo Shirts; Duplicate Receipt Was Provided. Total Purchase Amount Was \$1200, Half Paid by Cardholder requested by former Executive Director. | Credit Card |
| 10/20/2006 | Delta Air | \$664.79 | No Support; Air Fare for spouse of former Board Chair. | Credit Card |
| 11/8/2006 | Amazon.com | \$43.89 | Itemized Email Support Cut Out, Only a Total Was Provided. | Credit Card |
| 11/9/2006 | Hawaiian AI | \$109.60 | Tickets from Oahu ->Kauai for spouse of former Board Chair | Credit Card |
| 11/22/2006 | USEF Holiday Cards | \$720.95 | US Equestrian Federation Cards Per former Executive Director. | Credit Card |

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Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|---------------------------------|--------------------|---|------------------|
| 11/28/2006 | Delta Air | \$549.71 | No Support; Air Fare for spouse of former Board Chair. | Credit Card |
| 12/6/2006 | Golds Gym | \$739.00 | Golds Gym Membership for former Executive Director. | Credit Card |
| 12/12/2006 | Kroger | \$210.95 | Itemized Receipt Was Cut Off, Only a Total Was Provided | Credit Card |
| 5/14/2007 | Governor's Mansion Preservation | \$200.00 | Two Tickets to the Governor's Derby Eve Gala For The Governor's Mansion Preservation Society; For former Executive Director and his spouse. | Credit Card |
| 9/5/2007 | AAAE Meeting and Conference | \$780.00 | Cost For Employee Spouses to Attend a Conference | Credit Card |
| 10/30/07 | Azure Restaurant | \$800.72 | Meals With No Support Provided | Credit Card |
| 11/9/2007 | Wal Mart.com | \$663.00 | Wii and Accessories | Credit Card |
| 12/4/2007 | Doorbell Dining | \$263.09 | Meal Delivery With No Support Provided; Per former Executive Director. | Credit Card |
| 12/14/2007 | Nicholson's Pub Cincinnati | \$73.24 | Meals With No Itemized Support. Unused Play Tickets Were Acquired With Dinner Purchased Afterwards. | Credit Card |
| 4/7/2008 | Cigar Oasis | \$846.95 | Six Cigar Oasis XL Plus Humidifier; Order Per former Executive Director | Credit Card |
| 4/10/2008 | Cuban Crafters FL | \$107.91 | Four Cigar Lighters; Order Per former Executive Director | Credit Card |
| 4/18/2008 | Wal Mart | \$107.62 | DVD's | Credit Card |
| 7/15/2008 | AZURE Restaurant | \$872.06 | Email From The Wine and Spirit Manager Providing Bill Amount; For a Board Member Meeting. | Credit Card |
| 9/26/2008 | Malone's and Harry's | \$405.62 | Meals With No Itemized Support | Credit Card |
| 9/27/2008 | American ASSN Airport | \$195.00 | Conference registration for spouse of former Executive Director. | Credit Card |
| 9/28/2008 | American ASSN Airport | \$110.00 | Conference registration for daughter of former Executive Director. | Credit Card |
| 10/21/2008 | Rosetta Stone | \$380.54 | Spanish Language Software | Credit Card |
| 11/5/2008 | Amazon.com | \$50.82 | Hawaiian Books and CD's | Credit Card |
| 11/17/2008 | Savannah Candy Kitchen | \$237.01 | No Itemized Support Provided. Receipt Provided Had Individual Items Cut Off. | Credit Card |

Analysis of Credit Card and Direct Payment Transactions

As presented in Table 28 below, approximately 91.1 percent of the Manager of Administration’s direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Of particular note in the examples of questionable direct payment and cash advance transactions listed below in Table 29, five transactions were made of \$1,000 or more, which in total composed approximately 94.5 percent of the total questionable transactions. Four of these transactions totaling \$14,741 were described as purchases of hams. The remaining example was for a series of internet service expenditures that totaled \$1,688 for a 36 month period.

Table 28: Summary Analysis of BGA Manager of Administration Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$6,744.96 | \$4,977.29 | 73.79% | \$786.34 | 11.66% |
| 2007 | \$5,710.10 | \$16.96 | 0.30% | \$5,382.96 | 94.27% |
| 2008 | \$6,635.71 | \$5,906.83 | 89.02% | \$323.26 | 4.87% |
| Total | \$19,090.77 | \$10,901.08 | 57.10% | \$6,492.56 | 34.01% |

Table 29: Examples of Types of Unsupported or Questionable Direct Payments to BGA Manager of Administration

(See complete list of questionable credit card transactions in Appendix 6)

| Transaction Date | Transaction Amount | Check Date | Description |
|------------------|--------------------|------------|--|
| 11/9/2006 | \$4,775.48 | 11/17/2006 | 107 hams and bean soup mix |
| Unknown | \$4,803.80 | 10/13/2007 | Holiday hams; No Support |
| 5/7/2008 | \$504.38 | 5/16/2008 | Gym membership - Annual Fees |
| 10/23/2008 | \$1,798.20 | 10/24/2008 | Reimbursement for purchase of holiday hams deposit, when the order was originally placed |
| 11/26/2008 | \$3,363.63 | 12/8/2008 | Reimbursement for purchase of holiday hams; The entire amount was reimbursed even though \$1,798 was previously reimbursed for the deposit portion. On January 22, 2009, the Manager of Administration wrote a check to the BGA for \$1,798.20 after this issue was discussed. |
| 2006-2008 | \$1,688.56 | Various | Internet Service for 36 months |

As shown in Table 30, approximately 42.2 percent of the Manager of Marketing’s credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Of specific note, there were four transactions that exceeded \$1,000 in the examples of questionable credit card transactions in Table 31. Altogether, these four transactions made up approximately 13.3 percent of the total questionable transactions. Specific to these four transactions, \$1,325 was spent at the Woodford Humane Society, \$1,258 was spent at Godiva Chocolatier, \$1,450 was spent at Eli’s Cheesecake Company, and \$1,962 was paid to GQ Limousine.

Analysis of Credit Card and Direct Payment Transactions

Table 30: Summary Analysis of BGA Manager of Marketing Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$36,447.82 | \$15,737.31 | 43.18% | \$4,714.00 | 12.93% |
| 2007 | \$38,083.88 | \$8,256.59 | 21.68% | \$1,864.21 | 4.90% |
| 2008 | \$32,387.81 | \$14,064.36 | 43.42% | \$244.67 | 0.76% |
| Total | \$106,919.51 | \$38,058.26 | 35.60% | \$6,822.88 | 6.38% |

Table 31: Examples of Types of Unsupported or Questionable Credit Card Transactions of BGA Manager of Marketing

(See complete list of questionable credit card transactions in Appendix 7)

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|------------------------------|--------------------|--|------------------|
| 3/23/2006 | Harbor Sweets | \$850.11 | 50 Gift boxes | Credit Card |
| 4/25/2006 | Richmond Chamber of Commerce | \$580.00 | Players for 06 golf tournament-380; Sponsorship-200 | Credit Card |
| 6/2/2006 | Lexington Legends | \$402.00 | Hank Williams, Jr. Concert | Credit Card |
| 7/7/2006 | Lexington Legends | \$792.00 | Bob Dylan Show on 8/15/06 @ 6:30 PM | Credit Card |
| 7/13/2006 | Lexington Legends | \$99.00 | Baseball tickets for Directors to meet new employee | Credit Card |
| 7/21/2006 | Woodford Humane Society | \$1,325.00 | Painting from Silent Auction | Credit Card |
| 8/8/2006 | Amazon.com | \$228.05 | DVDs | Credit Card |
| 8/10/2006 | Amazon.com | \$62.76 | DVDs | Credit Card |
| 10/28/2006 | Kohls | \$42.74 | Dolls, Toys, Games, Play Doh | Credit Card |
| 10/30/2006 | Best Buy | \$731.36 | Camera, Digital Card, LCD TV, Ipod Nano | Credit Card |
| 11/24/2006 | Godiva Chocolatier | \$58.25 | Chocolates | Credit Card |
| 12/11/2006 | Godiva Chocolatier | \$887.14 | Chocolates | Credit Card |
| 12/12/2006 | Godiva Chocolatier | \$1,258.10 | Chocolates | Credit Card |
| 12/14/2006 | Godiva Chocolatier | \$329.70 | Chocolates | Credit Card |
| 12/14/2006 | Godiva Chocolatier | \$54.95 | Chocolates | Credit Card |
| 12/15/2006 | Godiva Chocolatier | \$195.96 | Chocolates | Credit Card |
| 3/19/2007 | The Rosetta Stone | \$826.80 | Spanish, German, Russian, & Italian Language Software | Credit Card |
| 4/16/2007 | Joseph Beth Booksellers | \$132.50 | 5 Autographed Paula Deen books | Credit Card |
| 6/15/2007 | Chamber of Commerce | \$925.00 | Golf Players -\$600; Corporate Sponsorship -\$325 | Credit Card |
| 7/17/2007 | Dick's Clothing & Sporting | \$43.40 | Practice balls, tees, ball markers, range bucket, etc. | Credit Card |

Analysis of Credit Card and Direct Payment Transactions

| Transaction Date | Vendor Name | Transaction Amount | Description | Type of Purchase |
|------------------|------------------------------|--------------------|---|------------------|
| 10/25/2007 | Cinemark | \$125.00 | 10 - \$10 Gift Cards; Overnight shipping | Credit Card |
| 10/29/2007 | Cinemark | \$450.00 | 45 - \$10 Gift Certificates | Credit Card |
| 12/6/2007 | Malone's (Lexington) | \$500.00 | 10 - \$50 Gift Certificates | Credit Card |
| 12/12/2007 | Godiva | \$50.72 | Chocolates | Credit Card |
| 12/17/2007 | Godiva | \$34.61 | Chocolates | Credit Card |
| 12/17/2007 | Godiva | \$47.85 | Chocolates | Credit Card |
| 12/17/2007 | Godiva | \$124.74 | Chocolates | Credit Card |
| 2/12/2008 | Keeneland Assoc | \$260.00 | Tables - 2008 Spring Race Meeting | Credit Card |
| 2/12/2008 | Keeneland Assoc | \$280.00 | Tables - 2008 Spring Race Meeting | Credit Card |
| 3/25/2008 | Barnes & Noble | \$296.06 | 14 Books - The Little Red Book Of Everyday Heroes by former Board Chair's spouse. | Credit Card |
| 4/15/2008 | Harbor Sweets | \$308.22 | Chocolates | Credit Card |
| 5/7/2008 | Richmond Chamber of Commerce | \$650.00 | Golf Tournament - Entry-\$400; Sponsorship-\$250 | Credit Card |
| 7/7/2008 | Palace Theatre 7 | \$972.00 | 8 Tickets to Legally Blonde | Credit Card |
| 7/9/2008 | GQ Limousine | \$1,962.00 | Limo service to Palace to see Legally Blonde & to the New York Yankees Game | Credit Card |
| 9/22/2008 | LL Bean | \$207.95 | Shirts & Embroidery | Credit Card |
| 10/9/2008 | LL Bean | \$259.00 | Shirts & Embroidery | Credit Card |
| 10/29/2008 | Graeters Ice Cream | \$700.00 | Receipt notes for Fall Fest gift cards | Credit Card |
| 12/13/2008 | Eli's Cheesecake Company | \$1,450.00 | Samplers | Credit Card |

Regarding the direct payments and cash advance transactions noted in Table 32 below, approximately 3.7 percent of the Manager of Marketing's direct payment and cash advance transactions reviewed had no supporting documentation.

Table 32: Summary Analysis of BGA Manager of Marketing Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$1,155.85 | \$0.00 | 0.00% | \$134.97 | 11.68% |
| 2007 | \$1,634.45 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| 2008 | \$882.61 | \$0.00 | 0.00% | \$0.00 | 0.00% |
| Total | \$3,672.91 | \$0.00 | 0.00% | \$134.97 | 3.67% |

Analysis of Credit Card and Direct Payment Transactions

As presented in Table 33 below, approximately 49.3 percent of the former Director of Marketing and Community Relations’ credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose.

Table 33: Summary Analysis of Former BGA Director of Marketing and Community Relations Credit Card Transactions

(See complete list of questionable credit card transactions in Appendix 8)

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$22,916.36 | \$4,219.53 | 18.41% | \$7,075.75 | 30.88% |

Questionable expenditures from credit card purchases, direct payments, and cash advances for calendar years 2006, 2007, and 2008 totaled \$503,291.50. See Appendices 1 through 8 for a complete list of questionable credit card and direct payment transactions.

As seen in Table 34, we are questioning credit card expenditures for calendar years 2006, 2007, and 2008. Specific to 2006, we are questioning \$61,053.17 in transactions that had inadequate documentation or a questionable business purpose and \$84,245.66 in transactions that maintained no supporting documentation for a total of \$145,298.83. Regarding 2007, we are questioning \$74,563.24 in transactions that had inadequate documentation or a questionable business purpose and \$95,628.73 in transactions that maintained no supporting documentation for a total of \$170,191.97. Pertaining to 2008, we are questioning \$73,926.38 in transactions that had inadequate documentation or a questionable business purpose and \$59,847.51 in transactions that maintained no supporting documentation for a total of \$133,773.89.

The total questioned credit card transactions for 2006 through 2008 amounted to \$449,264.69, which was comprised of \$209,542.79 that had inadequate documentation or a questionable business purpose and \$239,721.90 that maintained no supporting documentation. Moreover, approximately 66.3 percent of all credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose.

As noted in Table 35, we are questioning direct payments and cash advance transactions for calendar years 2006, 2007, and 2008. With regard to 2006, we are questioning \$12,513.03 in transactions that had inadequate documentation or a questionable business purpose and \$4,619.24 in transactions that maintained no supporting documentation for a total of \$17,132.27. Specific to 2007, we are questioning \$10,810.26 in transactions that had inadequate documentation or a questionable business purpose and \$10,357.76 in transactions that maintained no supporting documentation for a total of \$21,168.02. With respect to 2008, we are questioning \$13,499.43 in transactions that had inadequate documentation or a questionable business purpose and \$2,227.09 in transactions that maintained no supporting documentation for a total of \$15,726.52.

Analysis of Credit Card and Direct Payment Transactions

The total questioned direct payment transactions for 2006 through 2008 amounted to \$54,026.81, which was comprised of \$36,822.72 that had inadequate documentation or a questionable business purpose and \$17,204.09 that maintained no supporting documentation. Moreover, approximately 61 percent of all direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose.

Table 34: Grand Total Summary Analysis of Credit Card Transactions

| Calendar Year | Total Credit Card Expenditures | Inadequate Documentation or Questionable Business Purpose | Percent of Credit Card Expenditures | No Supporting Documentation | Percent of Credit Card Expenditures |
|---------------|--------------------------------|---|-------------------------------------|-----------------------------|-------------------------------------|
| 2006 | \$220,892.55 | \$61,053.17 | 27.64% | \$84,245.66 | 38.14% |
| 2007 | \$256,736.22 | \$74,563.24 | 29.04% | \$95,628.73 | 37.25% |
| 2008 | \$199,942.55 | \$73,926.38 | 36.97% | \$59,847.51 | 29.93% |
| Total | \$677,571.32 | \$209,542.79 | 30.93% | \$239,721.90 | 35.38% |

Table 35: Grand Total Summary Analysis of Direct Payments

| Calendar Year | Total Direct Payments and Advances | Inadequate Documentation or Questionable Business Purpose | Percent of Total Direct Payments and Advances | No Supporting Documentation | Percent of Total Direct Payments and Advances |
|---------------|------------------------------------|---|---|-----------------------------|---|
| 2006 | \$36,500.84 | \$12,513.03 | 34.28% | \$4,619.24 | 12.66% |
| 2007 | \$30,332.70 | \$10,810.26 | 35.64% | \$10,357.76 | 34.15% |
| 2008 | \$21,671.63 | \$13,499.43 | 62.29% | \$2,227.09 | 10.28% |
| Total | \$88,505.17 | \$36,822.72 | 41.61% | \$17,204.09 | 19.44% |

In addition to the expenditures examined above, an additional \$46,962.03 of store credit card expenditures were reviewed from Sam’s Club, Avis, Sears, Lowe’s, Home Depot, and Office Max. A total of \$8,801.63 of the purchases examined were not supported by documentation. Additionally, documented purchases include items for cookouts and special events in the amount of \$2,025, and materials totaling \$132.30 for the replacement of two mailboxes damaged by former Executive Director while driving an airport vehicle. See finding 7 on page 60.

Airport Survey

Introduction

As part of the examination process, a survey of other airports was conducted concerning certain budgetary items and financial controls. Airports to be surveyed were chosen based on the number of enplanements, administrative structure, and location. A total of five airports provided responses to the survey, including one airport requesting to remain anonymous that will be referred to as Airport X.

All information presented in this chapter was provided by the responding airports. While every effort has been made to ensure the accuracy and completeness of the information presented, the ultimate responsibility of providing correct information rests with the respondent.

The information provided in the survey responses was used to develop a baseline for the types of financial controls at an airport the size of BGA. The practices at these other airports were used to help develop and strengthen the recommendations found in Chapter 4. In addition, the information can be used as a simple means to compare the BGA financial controls with those at other airports. The following presents certain financial information of the surveyed airports and those areas that stand out as being different from BGA.

Airport Administrative Structure

All airports surveyed had an overall administrative structure that was similar to BGA. They were each a quasi-public agency, being a component of government, yet acting as a non-profit corporation. They each have a governing body, such as a board or commission that contains mostly appointments made by county, city, or state authorities. The day-to-day activities of each of the airports were also overseen and controlled by a primary executive, either an executive director or a President/CEO. These top executives control all the airports' activities and answer directly to their respective airport boards or authorities.

Executive Director/CEO/President Compensation

While the authority bestowed on the primary executives of the airports was similar, there were some differences in their compensation packages. The following table contains the salaries and other benefits received by the primary executives of the airports that responded to the survey. The table does not include items such as health insurance and retirement, which were part of the packages for all executives.

Table 36: Primary Executive Compensation for Surveyed Airports

| Airport | Enplanements | Salary | Vehicle | Other |
|---------------------------------|---------------------|---------------|----------------------|---|
| Blue Grass | 520,760 | \$219,460 | Airport car plus gas | Home internet, Cell phone(s), memberships included: Thoroughbred Club of America \$300, Cincinnati Arts Association \$550, Urban Active \$799 |
| Louisville International | 1,912,495 | \$198,000 | \$850/month | Bonus-up to 10% of salary |

Airport Survey

| Airport | Enplanements | Salary | Vehicle | Other |
|------------------------------|---------------------|---------------|-----------------------|---|
| Columbia Metropolitan | 620,918 | \$181,750 | Airport car plus gas | Cell phone, \$75 annual club membership |
| Akron-Canton | 691,603 | \$160,000 | Mileage reimbursement | Cell phone, Bonus at discretion of Board |
| The Eastern Iowa | 530,417 | \$138,320 | \$500/month | Cell phone \$25/month, Rotary club \$300/year |
| Airport X | 800,000+ | \$188,582 | \$700/month | Cell phone |

Source: APA, based on airport survey responses.

As the table demonstrates, the salary for the executive director at BGA was higher than any of the surveyed airports. This includes Louisville International, which has more than three times as many passenger enplanements. It also shows that most of the surveyed airports do not provide an airport vehicle for the primary executive, but rather provide monthly allowance that covers the costs of a vehicle. The executive of one of the airports does not receive either of these benefits.

One item seen in the table that is consistent between the airports is the payment for cell phones for executives; however, BGA does appear to be the exception in providing more than one phone and multiple memberships, as well as other additional benefits.

Travel and Training Budget Amounts

Nearly all the airports budget for both travel and training in the same budget line item and in most cases it could not be separated. Louisville International could specify budgeted amounts for travel and training separately, but for parity the totals presented here include both. The following table contains the amounts budgeted for travel and training reported by the responding airports.

Table 37: Travel and Training Budgets

| Airport | Enplanements | Airport Total | Primary executive | Secondary Directors |
|---------------------------------|---------------------|----------------------|--------------------------|---|
| Blue Grass | 520,760 | \$225,500 | \$170,000* | Based on Department |
| Louisville International | 1,912,495 | \$165,368 | \$42,150 | COO-\$7700 CFO-\$6950 CPO-\$10150 |
| Columbia Metropolitan | 620,918 | \$133,000 | \$30,000 | Based on Department |
| Akron-Canton | 691,603 | \$30,000** | Part of \$30,000 | Part of \$30,000 |

Airport Survey

| Airport | Enplanements | Airport Total | Primary executive | Secondary Directors |
|------------------|--------------|---------------|-------------------|---------------------|
| The Eastern Iowa | 530,417 | \$53,000 | \$15,000 | Based on Department |
| Airport X | 800,000+ | \$206,550 | \$25,000 | Based on Department |

Source: APA, based on airport survey responses.

*This total is not specific to the former Executive Director but he was authorized to use these funds at his discretion.

**Airport reports that this is for travel costs only. No training budget was given in response.

As seen in the table, the total travel and training budgets for the surveyed airports varies greatly. BGA has a significantly higher budget compared to the surveyed airports, even greater than that of the much larger Louisville International.

It is more difficult to directly compare the airports’ budgets when separated out by primary executive and secondary directors. Since most budgeting is done by department and departments may vary in the number of staff, it is not clear how much of the travel and training budgets are actually going towards an individual’s use. The much higher total budget of BGA does appear to give the Administrative Department of the executive director a much higher budget than the primary executives of the other airports. It is also clear that the primary executive at BGA receives a majority portion of the travel and training budget while the rest of the departments receive far less. In comparison, the surveyed airports show that more travel and training is reserved for the other airport departments.

Oversight of Travel Expenses

The oversight for travel expenses were very similar for each of the surveyed airports. In general, the travel for the primary executive was reviewed and approved by the board or commission and the travel for the rest of the staff was reviewed and approved by the primary executive. There were some exceptions, and some airports employed certain steps that appear to strengthen the review and approval process. Examples of those steps that appeared to provide additional oversight includes Columbia Metropolitan, Louisville International, and The Eastern Iowa Airport.

Columbia Metropolitan

All overnight travel, by any airport staff, must be added to the “consent calendar” and submitted to the Airport Commission. This is essentially a calendar of all upcoming overnight travel. The Airport Commission reviews this calendar on a monthly basis and has the opportunity to ask questions about the trips. The Airport Commission must approve the “consent calendar” prior to the trips being taken.

Policies require that any expense over \$25 must have a receipt for justification. Reimbursement is allowed for airport related expenses only and would not include items such as in-room movies at hotels or alcohol.

Airport Survey

Louisville International

Purchasing cards are used instead of traditional credit cards. Purchasing cards are different, by allowing certain industry codes to be restricted for purchases. For example, Louisville International purchasing cards cannot be used at casinos. Since many travel costs are paid for with the purchasing cards, the restrictions assist in ensuring that expenses are only airport related.

The Eastern Iowa Airport

For both the airport director and all secondary directors, the Airport Commission must approve all travel prior to the trip. After the trip, the staff must submit travel expense reports, which must be approved by the entire Airport Commission prior to reimbursement.

**Credit Cards/
Purchasing Cards**

All the airports surveyed use some form of credit cards. Some of these are traditional credit cards, while others are purchasing cards. Traditional credit cards are used just as any other credit card, with a monthly credit limit being the only restriction. Purchasing cards provide a line of credit similar to a credit card, but allow the airports to restrict the types of purchases that can be made on the card based on certain industry codes. Casinos, specialty retail outlets, and food and beverage establishments were noted as just some examples of these restrictions. Purchasing cards also restrict the amount that can be spent on a single purchase.

Who Has a Card

While all the surveyed airports used either a credit card or purchasing card, not all of the primary executives have a card. The primary executives of both The Eastern Iowa Airport and Airport X chose not to have credit cards, though the secondary directors do have them. In the case of Airport X, only two of the secondary directors have purchasing cards in their name, the rest are assigned to a department with more than one authorized user. The following table illustrates which staff have credit cards/purchasing cards and the type of card they have.

Table 38: Surveyed Airports With Credit Cards/Purchasing Cards

| Airport | Enplanements | Primary Executive | Secondary Directors or Departments |
|---------------------------------|---------------------|--------------------------|---|
| Blue Grass | 520,760 | Credit Card | Credit Card |
| Louisville International | 1,912,495 | Purchasing Card | Purchasing Card |
| Columbia Metropolitan | 620,918 | Credit Card | Credit Card |
| Akron-Canton | 691,603 | Credit Card | Credit Card |
| The Eastern Iowa | 530,417 | None | Purchasing Card |
| Airport X | 800,000+ | None | Purchasing Card |

Source: APA, based on airport survey responses.

Airport Survey

Oversight of Credit Cards/Purchasing Cards

All the surveyed airports stated that airport credit cards and purchasing cards were required to only be used for airport related expenses. Oversight procedures to ensure that the expenses were appropriate varied among the airports. In general, airport financial staff review expenses submitted by all staff to ensure they have the proper supporting documentation, such as receipts, and to ensure that the expenses are charged to the correct budgetary account. The final approval authority for these expenses ranged from these finance staff to the entire Airport Board. The level of the approval depends primarily on whether the expense was by the primary executive or the secondary directors. The following table contains the final approval authority for credit card and purchasing card expenses for the surveyed airports.

Table 39: Credit Card/Purchasing Card Expense Approval Authority

| Airport | Enplanements | Primary Executive | Secondary Directors |
|---------------------------------|---------------------|--|---|
| Blue Grass | 520,760 | Board Chair* | Executive Director* |
| Louisville International | 1,912,495 | Airport CFO | Executive Director |
| Columbia Metropolitan | 620,918 | Airport finance staff, available to commission chair | Airport finance staff |
| Akron-Canton | 691,603 | Monthly review by Board | President/CEO |
| The Eastern Iowa | 530,417 | No card | Weekly by Airport Commission Officer with final monthly by Airport Commission |
| Airport X | 800,000+ | No card | Airport finance staff, reviewed monthly by president |

Source: APA, based on airport survey responses.

*Reported in the survey response as the official review procedure. See findings for actual practices.

As seen in the table, only BGA reported requiring the approval of the Board or Board Chair for the primary executive's credit card expenses. The Eastern Iowa Airport does require a final monthly approval of secondary directors' expenses by the entire Airport Commission, and if the President/CEO had a credit card they would be subject to the same requirement.

The table also demonstrates that the finance staff at the surveyed airports have a large responsibility in reviewing the card expenses. While these staff may not have the final approval authority, all airports reported that they are the primary staff for ensuring that expenses meet all airport policies.

Airport Survey

In addition to the various credit card/purchasing card approval authorities, at least one of the airports has instituted a simple control to ensure that credit card expenses are attributed to the correct accounts. Columbia Metropolitan Airport finance staff provides all cardholders with a list of the budget accounts that they are responsible for and to which expense can be charged. When submitting credit card statements for payment staff identify the amounts that are to be charged to each account using only those assigned to them. This alleviates any problems of one staff charging expenses to another staff member’s budgetary accounts.

Internal Auditors

Internal auditors are responsible for reviewing the expenses and controls of the entity where they are employed. Internal auditors can help ensure that expenses are being accounted for correctly and that financial control policies are being consistently followed. An internal auditor also allows for an ongoing review of financial activity and controls that can be reported directly to the Board. Out of the five airports that responded to the survey, two reported having an internal auditor as part of the staff. These staff report directly to the primary executive. The following table illustrates those airports that reported an internal auditor and those that did not.

Table 40: Surveyed Airports That Employ Internal Auditor

| Airport | Enplanements | Internal Auditor |
|---------------------------------|---------------------|-------------------------|
| Blue Grass | 520,760 | No |
| Louisville International | 1,912,495 | Yes |
| Columbia Metropolitan | 620,918 | No |
| Akron-Canton | 691,603 | No |
| The Eastern Iowa | 530,417 | No |
| Airport X | 800,000+ | Yes |

Source: APA, based on airport survey responses.

For those airports that reported not having an internal auditor, the chief financial officer or the director of finance acts in the capacity of internal auditor. Specifically, Columbia Metropolitan Airport employs a Director of Finance and Administration that has previous financial auditing experience. This position, while directly responsible to the airport director, is the primary contact for the Finance Committee of the Airport Commission. This provides a separate financial oversight control, allowing for accounting information to be presented to the Commission outside of the executive director.

Findings and Recommendations

**Finding 1:
Insufficient
controls resulted
in questionable
purchases and
reimbursements.**

An extensive analysis was performed of all expenditures identified on credit card statements, direct payments, and cash advance schedules of BGA management for the examination period. This analysis was performed to determine the expenditure business purpose or necessity and whether transactions had proper supporting documentation. This analysis identified a total of \$503,291.50 of questionable expenditures from credit card purchases, direct payments, and cash advances for calendar years 2006, 2007, and 2008. See Appendices 1 through 8 for a complete list of questionable credit card and direct payment transactions.

The lack of adequate controls and monitoring of credit card expenses and employee reimbursements created an environment in which improper and unsupported purchases and reimbursements could be made with little risk of detection. Insufficient controls, combined with the inherent risk of fraud and abuse associated with credit cards, lessened BGA management and Board's ability to ensure that funds were being properly controlled and expended.

The Board had written policies and procedures that established controls related to business travel and expense reimbursement, as well as a policy related to gifts and entertainment. However, to the Board's detriment, each of these policies contained insufficient controls that would prevent or detect improper, excessive, or unreasonable expenses in these areas. Furthermore, seven BGA officers and employees had BGA credit cards, but there were no adopted policies related to the use or review of credit card statements.

Under existing policies, the Executive Director has the discretion to approve all expenditures, while the Board is given no direct requirement to approve expenditures. In discussions with six Board Chairs from 1998 to present, the level of review of the Executive Director's credit card expenditures and other expenses varied. Certain Board Chairs stated that they thoroughly reviewed the Executive Director's expenses, while one questioned how they were supposed to know it was their responsibility to review the Executive Director's expenses. Without requiring a thorough review of the Executive Director's expenditures, the Board policies allowed the Executive Director to determine the appropriateness of all travel, employee reimbursement, gifts, and entertainment expenditures.

While the Board Chair is tasked with planning and coordinating the business travel of the Executive Director, the Chair is not required to approve the Executive Director's travel reimbursement form prior to payment. The BGA Business Travel policy states that:

Whenever possible, travel will be planned (including the beginning and ending dates, mode of travel, accommodations and estimated expenses) prior to the commitment of funds.
...Department Directors will plan and coordinate business

Findings and Recommendations

travel with the Executive Director; the Executive Director and Board Members will plan and coordinate business travel with the Board Chair;....

Prior to being submitted to the Accounting Department for reimbursement, “a detail of expenses incurred for authorized business travel will be submitted on the appropriate travel reimbursement form within thirty (30) days following completion of travel and will be approved by the Department Director, Director of Administration and Finance and the Executive Director.”

The Expense Reimbursement policy does not define the supervisor for the Executive Director. Based on the policy related to the travel reimbursement form, the Board Chair is not required to approve the expense reimbursements of the Executive Director. The policy states that:

You must have your supervisor’s written authorization (requisition/purchase order, etc.) prior to incurring an expense on behalf of the Airport. To be reimbursed for authorized expenses, you must submit an expense report/voucher approved by your supervisor, accompanied by receipts. Please submit your expense report/voucher approved by your supervisor each week, as you incur authorized, reimbursable expenses.

The Offers and Acceptance of Gifts and Entertainment and Reporting Duty policy provides no controls over entertainment and while gifts can not exceed \$50, any exceptions can be approved by the Executive Director. Specifically, the policy states that:

As a guideline, business entertainment is typically a more appropriate way to build relationships than an exchange of gifts. How you choose to entertain or be entertained will depend on a number of factors such as the purpose and the business context. In all cases, entertainment is to be reasonable under the circumstances and suitable to the occasion, but a specific dollar limit for entertainment is not imposed as it is often unknown. However, it should not be of a type or in an apparent amount that is potentially embarrassing to either party or offensive [to] an unbiased observer.

Findings and Recommendations

While meals and entertainment are the preferred method of building business relationships, employees may give or accept gifts made as an expression of appreciation, so long as they are reasonable in nature, not in cash, and do not exceed a value of \$50.00.

Exceptions to this policy must be approved by the Executive Director, or his or her designee.

A process was not consistently followed to document exceptions made to the policy identified above.

Expenditures in excess of budget not reviewed by the Board

A review of budget to actual expenditures was one control that could have allowed the Board to review these expenditures. The Board’s Finance Committee had the responsibility of reviewing staff budget requests and monthly financial statements. According to BGA’s General Counsel, the Finance Committee required staff to present a financial report showing actual monthly and year-to-date revenues and expenditures, as well as a comparison to the annual budget. Exceeding the budget is addressed either with a budget amendment proposed to the Board or the staff may choose to answer questions about the excess expenditures. These monthly reports allowed the Finance Committee and the Board an opportunity to express their concerns about the level of expenditures within a particular category.

According to the FY 2009 Operating and Capital Improvement Budget, there were two categories closely related to business travel and expense reimbursements that were significantly over budget. Within BGA’s Administration budget, the “Training and Travel” and “Marketing and Airline Planning” categories’ expenditures exceeded the budget for the past three years. The following table illustrates the budget and actual amounts for each category.

Table 41: Budget to Actual Analysis for Selected Categories

| Budget Category | FY 2006 | | | FY 2007 | | | FY 2008 | | |
|---|----------|-----------|-------------|-----------|-----------|-------------|-----------|-----------|-------------|
| | Budget | Actual | % of Budget | Budget | Actual | % of Budget | Budget | Actual | % of Budget |
| Administration’s Training and Travel | \$90,000 | \$165,671 | 184% | \$120,000 | \$219,140 | 183% | \$150,000 | \$198,754 | 133% |
| Administration’s Marketing and Airline Planning | \$50,000 | \$61,570 | 123% | \$75,000 | \$106,861 | 142% | \$100,000 | \$103,395 | 103% |

Source: Auditor of Public Accounts based on information from the Lexington-Fayette Urban County Airport Board BGA’s *Operating and Capital Improvement Budget FY 2009*.

Findings and Recommendations

Based on the budget to actual information of these cost categories, the Board should have expressed concern about spending practices and requested detailed information as to how this money was being spent. However, there was no documented discussion of these expenditures or a concern expressed about spending in excess of the budget. In fact, the budgets of each category increased each year.

According to the former Director of Administration and Finance, once the budget was approved, he did not review, approve, or question expenditures in advance. Each director is authorized to make purchases within the budget. He also stated that the Board would not know about the expenditures coded to these categories unless they asked to review the specific charges.

Conditions that resulted in questionable purchases and reimbursements

Because Board policies did not require a stronger oversight role of the Board related to these types of expenditures, the responsibility of controlling and approving expenditures rested with the Executive Director. This situation may not be unusual for a private company and may work quite well depending on the Executive Director. In the case of BGA, this situation resulted in questionable purchases and reimbursements. The term questionable is used because documentation for travel, employee reimbursements, gifts, and entertainment is incomplete and approval procedures were weak. For a listing of items inventoried from former Directors that reflect types of purchases made, see Exhibit 1.

For the seven credit cardholders, we found conditions that violated BGA policies and good business practices. The following sections discuss the conditions found during a review of credit card purchases, expense reports, and advance payments.

Supporting documentation is not required for the payment of credit card purchases or employee reimbursements

Approximately 66.3 percent of all credit card transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose. Also, approximately 61 percent of all direct payment and cash advance transactions reviewed had inadequate or no supporting documentation or had a questionable business purpose.

According to the former Director of Administration and Finance, he does not recall anyone being denied payment related to purchases with BGA funds. He did not review the former Executive Director's reimbursement requests or credit card statements for documentation. Though the Board Chair seldom initialed the credit card statements, the former Executive Director reportedly would tell the former Finance Director to pay credit card bills in order to avoid late fees and that he would go over it with the Board Chair later. The former Finance Director stated that no one ever told him not to pay until the statements were signed. In addition, the former Executive Director approved his own reimbursement requests, and the former Finance Director only saw the checks after they were written.

Findings and Recommendations

The Directors approved their own credit card purchases and could direct purchases to be charged to other Department's budget without any approval

Several of the cardholders incurred late fees and finance charges on their credit card statements. It is unclear why these charges were incurred since BGA made the payments, not the cardholder. Either the Accounting Department or the cardholder was not submitting the statement for payment in a timely manner.

From our review of credit cards, the cardholder approved the purchases for payment and indicated which budget category should be charged. Interviews of BGA staff and officers supported that this was common practice. According to one Director, the Directors were given discretion as to how to code charges on their credit cards and sometimes the former Executive Director would tell them how to code their charges. This Director believed that as long as it was for BGA related activity, he had full and free use of his credit card. This belief stemmed from the former Executive Director's directive for him to get to know business associates outside of the work environment. This included a wide range of individuals, including airline and rental car representatives, tenants, and consultants.

According to the Director of Marketing, no one had ultimate management of his or her budget. Any Director, including the Executive Director, could place charges on any of the other Director's budgets. It was looked at as the BGA budget, not an individual budget. Other BGA officers and staff would write "marketing" on their credit card statements and the Marketing Department would not be aware of these charges. Staff events, flowers to BGA employees for a death in the family, lunches, and events or conferences have been coded to marketing. For instance, on August 18, 2006, a \$1,606 purchase was made by BGA for tickets to six plays: Light in the Piazza, Spelling Bee, Dirty Rotten Scoundrels, Twelve Angry Men, All Shook Up, and Disney's The Lion King. The former Executive Director requested this purchase and that it be charged on the Marketing budget. The Director of Marketing was unaware of these charges. A detailed listing of charges to a budget could be requested by management. Upon request, a report listing the date of purchase, the vendor, and the amount was provided. The item and the person incurring the expenses is not included on the listing.

One example of credit card expenditures coded incorrectly with an inaccurate explanation was a credit card charge of \$4,400 that was incurred outside our examination period. On November 16, 2004, a \$4,400 charge was placed on the credit card of the former Director of Planning and Development. According to the credit card statement, this was a charge to the Millennium Restaurant in Dallas, Texas that had the word "Marketing" handwritten by the amount. The attached receipt has only the total amount of the charge and a note written by the cardholder that reads, "AA Dinner (Marketing)." Based on interviews, it was determined that this was a "strip club" charge involving three BGA Directors only. Those in attendance were the former Executive Director, the former Director of Operations, and the former Director of Planning and Development.

Findings and Recommendations

The former Executive Director requested other cardholders to purchase items and also used their credit card numbers when making purchases

From interviews with credit cardholders, it was determined that several questionable expenditures were made at the request of the former Executive Director. These expenditures may have been for the cardholders benefit or for the benefit of the former Executive Director. We were also informed of instances where instead of using his credit card the Executive Director made charges on their credit cards without their knowledge. See Exhibit 2.

According to the former Director of Operations, the former Executive Director requested several charges be placed on the former Director of Operations’ BGA credit card and also made purchases using his credit card number. The former Director of Operations stated that when his credit card expired, the former Executive Director would ask for his new expiration date and the number on the back of the card. He recalled at one of the AAAE Issues Conferences in Hawaii, BGA officers took an ATV tour. The former Director of Operations was running late for the event and the former Executive Director called him and requested his credit card number to pay for the event. In another example, a \$1,046.17 clothing charge to Eddie Bauer was made on November 18, 2008. See Exhibit 7 for purchase details.

The Director of Administration and Finance stated that the IT manager would send him emails letting him know that items requested by the former Executive Director were placed on his credit card. When traveling, the former Executive Director would ask for another Director’s room number so that meals or entertainment could be charged to another credit card instead of his.

Christmas gifts for the Directors were charged on their credit cards without their knowledge. According to interviews, there was an assumption the Board was aware of the purchases requested by the former Executive Director.

The following tables provide examples of expenditures made by the cardholder at the direction of the former Executive Director and expenditures placed on others cards by the former Executive Director.

Table 42: Examples of Questionable Expenditures Made by the Cardholder at the Direction of the Former Executive Director

| Employee Making Purchase | Date | Vendor | Amount | Description |
|---------------------------------|-------------------|-----------------|---------------|--------------------------|
| Director of Marketing | 9/09/06 | Men’s Warehouse | \$700.12 | Tuxedo |
| Director of Marketing | 8/06/07 – 9/08/07 | Man of War Golf | \$325.00 | Golf Lessons |
| Director of Marketing | 11/20/07 | Stubhub | \$729.75 | 2 Hannah Montana Tickets |
| Manager of Administration | 9/27/07 | Dillard’s | \$127.20 | Formal Dress |

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| Employee Making Purchase | Date | Vendor | Amount | Description |
|--|----------|-------------------------|------------|---|
| Manager of Administration | 12/06/06 | Gold's Gym | \$739.00 | Gold's Gym Membership for Executive Director |
| Director of Marketing | 12/19/06 | Berkshire Trains | 423.98 | Christmas Party Gift |
| Manager of Administration Services | 4/07/08 | Cigar Oasis | \$846.95 | Cigars and humidifier per Executive Director |
| Director of Administration and Finance | 2/22/08 | The GPS Store | \$639.85 | GPS and Accessories for Executive Director |
| Director of Administration and Finance | 11/04/08 | Amazon.com | \$1,692.14 | Canon Telephoto Lens for Executive Director |
| Deputy Director of Marketing | 7/21/06 | Woodford Humane Society | \$1,325.00 | Painting purchased by former Executive Director – Not Included in BGA Inventory |
| Deputy Director of Marketing | 3/29/06 | Rosetta Stone | \$826.80 | Language Software for Executive Director |
| Deputy Director of Marketing | 7/07/06 | Lexington Legends | \$792.00 | Bob Dylan Concert Tickets |

Source: Auditor of Public Accounts based on a review of credit card statements and employee interviews.

Table 43: Questionable Expenditures Placed on Other Credit Cards by the Former Executive Director

| Credit CardHolder | Date | Vendor | Amount | Description |
|--|-------------------|---------------------------|------------|---------------------------------|
| Director of Marketing | 11/13/07 | Walmart.com | \$663.00 | Wii Game System and Accessories |
| Director of Operations | 11/8/07 | Walmart.com | \$663.00 | Wii Game System and Accessories |
| Director of Administration and Finance | 11/9/07 | Walmart.com | \$663.00 | Wii Game System and Accessories |
| Director of Planning and Development | 11/08/07 | Walmart.com | \$663.00 | Wii Game System and Accessories |
| Manager of Administration | 11/09/07 | Walmart.com | \$663.00 | Wii Game System and Accessories |
| Director of Operations | 11/18/08 | Eddie Bauer | \$1,046.17 | Clothing |
| Director of Operations | 7/27/06 – 8/18/06 | Discovery Channel Catalog | \$700.19 | DVDs |

Source: Auditor of Public Accounts based on a review of credit card statements and employee interviews.

Findings and Recommendations

The former Executive Director did not review the other Directors' expense reports and seldom did anyone sign the former Executive Director's expense reports

Even though BGA's expense report form contained a place for the Executive Director's approval, only the Director of Administration and Finance had signed to indicate approval. Based on our review of expense reports, except for the former Executive Director's expense reports that were self approved, the only individual reviewing expense reports was the former Director of Administration and Finance. The former Executive Director did not sign/approve the other Directors' expense reports. The former Director of Administration and Finance wrote his initials in the area where the Executive Director should sign. There was a note beside his initials indicating that he was signing for the former Executive Director.

The former Executive Director signed his own expense reports, except for three that were signed by the former Board Chair. According to the former Director of Administration and Finance, he did not see the former Executive Director's expense reports until after the checks had been written. It was the former Director of Administration and Finance's understanding that the former Board Chair was reviewing these reports. The following table provides examples of questionable expenditures reimbursed to the former Executive Director through check requests.

Table 44: Examples of Questionable Expenditure Reimbursements to the Former Executive Director

| Date | Vendor | Amount | Description |
|----------|-----------------|-----------|--|
| 12/27/06 | Macy's | \$265.00 | Waterford vase coded to Marketing but the Director of Marketing was not familiar with purchase. |
| 3/09/07 | Bobux | \$35.50 | Two sets of infant shoes shipped to his residence under his wife's name. |
| 3/20/07 | Fitness Systems | \$1000.00 | Portion of a \$2,483.94 expense for cross-training equipment coded as "Training." The equipment was delivered to his residence, not BGA. |

BGA's expense report form does not provide for the total cost incurred by an individual and is not reconciled to the individual's credit card statements or cash advances

For the seven cardholders, the reviews of expense reports were not complete and did not verify the employees' information. In addition, the expense reports do not disclose the cost of airfare, and rental car expenses are rarely included.

The expense reports are designed to include all expenses incurred for an event, including those paid for with a BGA credit card and expenses that were already reimbursed through a check advance. After all expenses are added, the employee should delete any expenses paid with a credit card or through a cash advance.

The employee's calculation of an amount for reimbursement was rarely questioned even if there was missing documentation or had duplicate expenses already reimbursed by BGA. According to the Director of Marketing, the advance payment process makes reconciliation difficult. There was no prodding to get the

Findings and Recommendations

reconciliation done. According to the BGA Accounting Office, the former Executive Director received four advances totaling over \$5,500 for foreign currency with no subsequent reconciliation.

Policies adopted by other airports to control travel expenditures and employee reimbursements

A review of policies and procedures adopted by the San Diego County Regional Airport Authority and the Louisville Regional Airport Authority revealed that these two airports had some specific policies that may have prevented or controlled the questionable expenditures discovered at BGA. While there is still a large amount of authority placed in the position of Executive Director/President/CEO at these airports, certain controls in the policies may mitigate questionable spending. The following sections provide examples of these policies.

San Diego County Regional Airport Authority

- Individual expenses of \$500 or more of the President/CEO, General Counsel, and Chief Auditor requires the approval of the Chair of the Board.
- If a Board member or employee pays for a meal of a business associate, the name and business affiliation as well as the purpose for the meeting should be listed on the reimbursement request.
- Specifically excluded from reimbursement are meals between Authority employees and/or Board members and meals with vendors or contractors with whom the Authority already has an existing relationship/contract.
- All domestic travel advances must be cleared no later than 30 days after the completion of the travel. Failure to account for travel advances within the required 30-day period may result in the suspension of privileges to obtain further advances.
- Board members and employees who wish to engage in out-of-town travel that directly relates to the transaction of the Authority's business must complete, **prior** to such out-of-town travel, the "Out-of-Town Travel Expense Authorization Request."
- Each Board member or employee who seeks reimbursement of meal and entertainment expenses associated with out-of-town travel must complete a "Meal/Entertainment Reimbursement Request."
- The original, itemized, detailed travel and lodging receipts must be provided in all reimbursement requests.
- All reimbursement requests and corresponding payments are subject to subsequent audit by the Authority on a periodic basis. The Authority may retroactively disallow such reimbursements and the Board member or employee will be required to reimburse the Authority for such amounts.

Louisville Regional Airport Authority

- The Executive Director, or his duly authorized representative, is empowered to approve the expenditures of funds in the usual and ordinary course of business in a cumulative amount not to exceed the total controllable amount budgeted in each cost center for the then-current fiscal year.

Findings and Recommendations

- Any employee traveling outside a 50 mile radius of the Louisville area is required to complete a Travel Authorization form prior to the trip.
- Personal recreation and entertainment are not reimbursable.
- Expenses of spouse or personal guest are not reimbursable.
- Employees may request a travel advance up to 30 days prior to each trip. New advances are not given until travel expense statements have been submitted to cover all previous advances.
- Travel advances are treated as receivables from the employee and recorded as such on the general ledger.
- Employees with Corporate Credit Cards issued in their name are not eligible for a travel advance.
- When meals and beverages are paid for by an employee for other employees, a notation shall be made on the Expense Statement stating the name(s) of the employee(s). The most senior position employee shall be responsible for paying for the meal.
- Any single expenditure of \$25 or more shall be supported by an itemized receipt bearing the name of the restaurant and date.
- The purpose and nature of the business discussed shall be explained in the Entertainment section of the expense report along with attendee names, position and company.

Recommendations We recommend a travel expense policy be developed that will strengthen controls and minimize the costs of business travel. We recommend the policy require that travel costs incurred be the most reasonable and economical available. We recommend the policy specifically define allowable costs related to airfare, rental cars, personal mileage reimbursement, lodging, meals, and entertainment expenses. We recommend the policy explicitly state that expenses not supported by detail, itemized receipt will not be paid by BGA.

We recommend the Board review the need to use credit cards. If credit cards are needed, consideration should be given to requiring the employee to pay the credit card balances and reimbursing only those costs supported by an expense reimbursement form. Further, the Board may consider using purchasing cards that provide a line of credit similar to a credit card, but allow the airport to restrict the types of purchases that can be made on the card based on certain industry codes. Casinos, specialty retail outlets, and food and beverage establishments are examples of these restrictions. Purchasing cards also restrict the amount that can be spent on a single purchase.

We recommend the Board develop policies related to the use of credit cards and the review procedures that should be required of BGA Directors as well as Board members. We further recommend that BGA management ensure that credit card invoices are paid in a timely manner to avoid late fees and finance charges. Reimbursements to BGA should be made if an employee expense is disallowed.

Findings and Recommendations

We recommend the Board use a review of budget to actual expenditures to monitor costs. As actual expenditures approach budgeted amounts, activity detail should be reviewed to determine whether expenditures are necessary and reasonable.

We recommend a written policy be developed requiring the Board Chair or designee to review the expenditures incurred by the Executive Director. The policy should require the Board Chair or designee to state for the Board minutes a review of the Executive Director's financial activity was performed. Any significant issues resulting from the review should be reported to the Board.

We recommend all reimbursement requests or other expenditures made by BGA employees or Board members for gifts or entertainment be documented in detail, which would include a description of the business expense, the name, title, and BGA affiliation of the business associates(s) who participated in the meal or entertainment activity, and a description of why the business expense is directly related to the transaction of the BGA's business.

We recommend the Board provide an annual formal orientation to new and returning Board members to ensure that there is an understanding of their purpose and responsibilities. The Board Attorney should lead the orientation and be prepared to provide instruction and answer member's questions. An orientation manual should be developed to assist with the orientation process and serve as a useful reference tool. The orientation process and the manual should provide the Board members with an understanding of the Board's structure, operations, and the responsibilities of each member and committee. The orientation manual should provide a description of BGA's budget and accounting structure, as well as its revenue and investment information.

**Finding 2:
Reimbursements
for personal
expenses were not
required to be
made in a timely
manner.**

Although the Board has existing policies related to employee business travel and expense reimbursements, a policy has not been developed to account for personal purchases made on a BGA credit account and to require restitution back to the BGA.

While examining credit card and travel expense reports, we found instances where personal expenses were identified and a notation was made to indicate that the employee needs to make or has made reimbursement back to the BGA. Based on these notations, it appears that the BGA expects employees to reimburse for personal expenses; however, existing policies do not specifically address the issue.

In most instances when a personal expense was noted, reimbursement was made to the BGA within a couple of months; however, there was one instance indicating a person made a reimbursement yet the reimbursement had not actually been provided to BGA accounting and no record of reimbursement being deposited was found in BGA records.

Findings and Recommendations

In January 2008, the former Director of Operations used his airport credit card to pay for personal expenses totaling \$478.95 while attending the annual AAAE Issues Conference in Hawaii. The Chief of Public Safety, while performing a requested inventory of the former Directors' Offices, found this expense report along with the reimbursement check to the BGA dated January 31, 2008, in the former Director of Operations desk drawer.

The check showed no indication of deposit by BGA and we therefore contacted the BGA Accounting staff to determine if the reimbursement had been received. According to the BGA Accounting Office, no reimbursement in this amount was identified in the BGA accounting system.

Although this expense report and reimbursement check were found in the Director's office, and were apparently not part of the BGA's accounting records, a copy of this expense report and the corresponding reimbursement check were included in open records requests. By including these documents in the open records request information, it gave the appearance that the reimbursement was actually made and presented in a timely manner given that the check date was within a month of the original expense.

Documentation examined also indicated that in the fall of 2006 three charges were placed on the Manager of Administration's BGA credit card on behalf of a former Board Chair for airfare for him and his spouse. All three charges were related to her travel to the 2007 AAAE Issues Conference in Hawaii. The former Board Chair's spouse was initially scheduled to depart on January 6, 2007, for a trip from Lexington to Atlanta and then to Honolulu and return to Lexington. The charge for this flight was \$664.79 and was made on October 20, 2006. On November 28, 2006, a second charge was made for her ticket, changing the departure date from Lexington to January 5, 2007, and changing the route to allow for a stop in Fort Myers before traveling on to Honolulu. According to the Manager of Administration, this second ticket was requested because the former Board Chair's spouse had a business stop she needed to make in Fort Myers. The cost of the second ticket was \$549.71. The final charge associated with this travel, was made on November 9, 2006, in the amount of \$109.60, for the purpose of transportation between Honolulu to Kauai Island. The former Board Chair reimbursed BGA for these charges totaling \$1,324.10 in February 2009.

Findings and Recommendations

During the examination, we were informed of recent reimbursements to the BGA for personal expenses placed on Director's credit cards. While examining the recent reimbursements, made in the months of December 2008 and January 2009, we attempted to reconcile the reimbursements to the original charges. We were able to agree all reimbursement checks to the original date of the charge except for one reimbursement from the former Director of Planning and Development in the amount of \$2,280 and one reimbursement from the Director of Administration and Finance in the amount of \$169.97.

All except for one of the reimbursements made during December 2008 and January 2009, were written by the former Director of Administration and Finance. He wrote 15 checks in the month of December 2008, totaling \$5,013.47 for expenses incurred in prior periods; some of the original charges dated back to 2002.

Out of the 15 checks written by the former Director of Administration and Finance in December 2008, nine checks were reimbursements for personal charges placed on his BGA credit card in 2006; three were reimbursements for personal charges placed on his BGA credit card in 2007; one was a reimbursement for personal charges incurred in April 2008; one was a reimbursement for charges totaling \$2,691.33 originally incurred in 2002. Again, the date of the original charge for the last remaining check could not be determined as no supporting documentation was provided.

Although these reimbursements have now been made by the former Director of Administration and Finance to the BGA for these charges, the purposes of these charges were originally identified on the Director's BGA credit card statements as legitimate BGA expenses, and as such, were coded to various accounts.

Of these reimbursements by the former Director of Administration and Finance, we found that \$319.11 were originally described as Special Events, \$1,489.39 were originally designated as Travel and/or Training, \$233.58 were originally described as Supplies, while \$110.09 were originally described as Marketing. Due to insufficient documentation, we were not able to determine to what account categories \$2,861.30 of these charges was coded.

Through an interview with the former Director of Administration and Finance, we were informed that there is no policy in place to stipulate when a reimbursement to the BGA should take place. He acknowledged that he had placed charges on his credit card and that sometimes the reimbursement would be much later than the date of the charge. He stated that these items were not brought to his attention by anyone, rather he was aware of the amounts already.

Findings and Recommendations

During this examination, we identified that a duplicate expense reimbursement made on November 26, 2008, resulted in overpayment of \$1,798.20 to the Manager of Administration for the purchase of holiday hams. On January 22, 2009, while we discussed this matter with the BGA Accounting Office, the Manager of Administration was asked about the series of transactions. Immediately after being approached regarding this issue, the Manager wrote a personal check for \$1,798.20 to reimburse the BGA.

Finally, we identified an expense reimbursement check dated March 22, 2007, paid to the former Executive Director in the amount of \$1,000 based on a check request form he had submitted to the BGA. The check request of \$1,000 was for the partial payment of cross training equipment purchased by the former Executive Director. The equipment was not identified as equipment located on BGA grounds and appeared to be a personal expense. On February 10, 2009, subsequent to audit inquiries regarding this reimbursement, the BGA received a \$1,000 reimbursement from the former Executive Director relating to this personal expense.

Recommendations We recommend the Board review current reimbursement practices and develop a policy relating to the timeliness of expense reimbursements made to the BGA by Officers and employees.

We recommend the policy include a stringent deadline by which the reimbursements must be made and action that will be taken for those that violate the policy. We recommend actions include any alternative means necessary to seek reimbursement.

Finally, we recommend the Board seek reimbursement for those personal expenses incurred by the BGA on behalf of others, which have yet to be reimbursed.

**Finding 3:
Duplicate
reimbursements
were made to
employees.**

An ineffective reimbursement review process led to multiple duplicate reimbursements being issued to at least two BGA employees.

In October 2008, the Manager of Administration used a personal credit card to pay the deposit for hams and soup mixes to be distributed to BGA employees during the holiday season. Upon request, she was reimbursed the deposit amount of \$1,798.20. When she picked up the hams the following month, she apparently paid the remaining balance with her personal credit card and then submitted a \$3,363.63 reimbursement request to BGA for the full price of the purchase instead of only the difference between the full price and the deposit amount previously reimbursed. After a member of the audit team discussed the two reimbursements with the BGA Accounting Office, the Manager of Administration immediately wrote a personal check to reimburse BGA \$1,798.20.

Findings and Recommendations

In November 2007, the Manager of Administration requested and received a \$46.18 reimbursement for home internet service for the month of November 2007. In the following month, the same employee requested and received reimbursement again for the same month of service. Similarly, the former Executive Director requested and received two reimbursements of \$43.28 for his September 2006 home internet service.

In December 2006, the former Executive Director requested and received reimbursement for the purchase of numerous DVDs, three of which totaling \$52.90 he requested and received reimbursement for again in February 2007. In September 2008, he requested and received reimbursement of \$60.37 for the purchase of two more DVDs, which he had already requested reimbursement for in August 2008.

In August 2007, the former Executive Director was reimbursed \$586.13 for the purchase of a leather rolling computer bag. In October 2007, he requested and received reimbursement a second time for the same bag by submitting his personal credit card statement as support.

In May 2008, the former Executive Director received reimbursement of \$249.00 for a duty free sale that was paid originally with his BGA credit card.

Recommendations

We recommend a thorough review be performed of reimbursements made to employees to ensure duplicate payments are not made. We recommend that for a reimbursement to be made original supporting documentation must be provided and retained with the request.

Finding 4: The Board did not implement a process to receive information from independent sources.

In conducting this examination, we performed procedures to gain a sufficient understanding of the BGA structure and the flow of information within its organization. We gained this understanding through conducting interviews with various BGA personnel and Board members, and through review of certain BGA reports including monthly Director's Reports and Board minutes.

During this examination, several issues have come to our attention, which involve information that may not have been presented to the Board due to an insufficient reporting structure.

It is our understanding that the former Executive Director and the former Directors were responsible for any required monthly reporting of BGA activity to the Board and its sub-committees. The organizational structure of the BGA currently does not contain a process by which the Board may receive independent information or verification.

Findings and Recommendations

It is clear through reviewing the employee policies and procedures developed by the Board that communication is provided through the structural hierarchy. These policies fail to provide employees with a reasonable means to report matters directly to the Board.

Alternate means of receiving information can assist the Board by providing an independent verification of information it is receiving from another source.

One independent source of information could be obtained through adding an internal auditor position to the BGA organizational structure. Ideally, the individual filling this position would be hired directly by the Board and report to the Board's Finance Committee to ensure independence from the current BGA reporting structure. Given that the Board meets on a monthly basis and their role is limited in oversight of daily operations of the BGA, this resource would also provide the Board with a means to address areas of interest to the Board in a more independent and efficient manner.

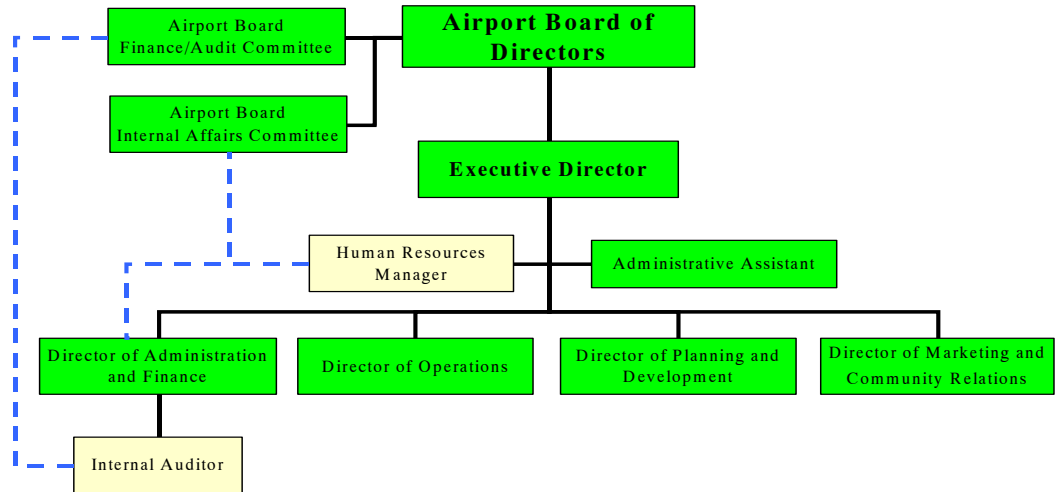
The Board would also benefit from the creation of an anonymous reporting mechanism such as a hotline or tip line to allow for anonymity to individuals who want to report areas of concern to the Board. This mechanism should be multifaceted in that the individual may have more than one means to report these matters to the Board. This could include a 1-800 complaint number, an email address accessible on the BGA website and a postal address for receipt of letters, including documentation the individual may want to share with the Board in support of their concern. Specific contact information should be available so that a concerned citizen or employee understands the process to communicate their issue or concern.

The internal auditor position, or someone designated by the Board with such responsibilities, would provide a means by which concerns voiced by individuals could be investigated in a timely manner. The individual responsible for the internal audit function could receive the anonymous concerns, analyze the information provided, then investigate the matter and report back to the Board.

The Board may also benefit by requiring monthly reporting by the Human Resource Manager to the Board's Internal Affairs Committee and for this position to report directly to the Executive Director. The Human Resource Manager would also work closely with the Director of Administration and Finance. Currently, the Director of Administration and Finance provides any such reporting; however, the Manager may have a more detailed insight into certain personnel matters and provide another source of independent information. The following is a simplified potential organizational structure that could be implemented to facilitate better communication and strengthen controls.

Findings and Recommendations

Graph 4: Potential Simplified Organizational Structure



In addition, while the Board does provide BGA employees with a grievance policy and procedures, the Board policies currently do not include information to the employee regarding their protections under State law relating to the reporting of violations to certain officials or authorities. As the BGA is an entity of the Lexington-Fayette Urban County Government, KRS 61.102 provides its employees protection from reprisal for disclosure of violations of law from any official, authority, or influence.

Recommendations

We recommend the Board implement a comprehensive organizational structure and process by which they may receive, analyze, investigate, and resolve anonymous concerns from its employees, business associates, customers, and the general public. This process should include multiple avenues by which concerns may be expressed, such as a toll-free complaint line, an email and postal address. The potential organizational chart provided should be considered when evaluating organizational changes at BGA. We recommend the position of Manager of Administration be evaluated to determine whether the position responsibility is more in line with that of Administrative Assistant.

We recommend the Board consider the creation of an internal audit function. We recommend the Board hire the person for this position and structure reporting of the internal auditor so that information is provided by the internal auditor directly to the Finance/Audit Committee of the Board.

Findings and Recommendations

We further recommend that any individual designated to perform an internal audit function be provided not only the responsibility to examine certain matters, but the Board ensure that the individual is empowered with the authority to properly review and investigate matters.

We also recommend the Board require a monthly report from the Human Resource Manager to its Internal Affairs Committee of any significant personnel issues or actions.

We recommend that in addition to the financial information currently received by the Board, a summary of travel, entertainment, and marketing expenditures that includes credit card purchases, reimbursements, or other forms of payment be provided to the Board. The Board should also receive a check register that lists the payee and dollar amount. A review of this information could lead to additional questions strengthening internal controls.

Finally, we recommend the Board's policy include a reference to Kentucky law notifying employees of their rights to protection against retaliation for reporting violations to certain authorities. Upon completion, the Board must assure that the revisions are immediately distributed to all BGA employees.

Finding 5: The Board has used the same auditing firm for approximately 20 years.

The same auditing firm has conducted BGA's annual independent financial audit for approximately 20 years. While this does not violate applicable audit requirements, it would be beneficial to periodically rotate auditing firms to avoid a lack of independence perception.

Rotating auditing firms would provide a fresh, independent review of BGA accounting records. In our review of other airports' policies, we found that the Louisville Regional Airport Authority's Board Policy Manual states that "individuals or firms auditing the Authority's financial records shall be appointed for not longer than five (5) years."

An annual financial audit does not include an opinion on an entity's internal control procedures. The auditor is only responsible for obtaining an understanding of internal controls and reporting any weaknesses that come to their attention. Therefore, a separate engagement would be required in order to obtain an audit of internal control procedures. Because this may be cost prohibitive, reviews of internal control procedures are typically performed by the entity's internal audit function.

Findings and Recommendations

Recommendations We recommend the Board adopt a policy to rotate, at least every fifth year, the auditing firm engaged to perform its annual financial audit. In addition, we recommend that reviews of internal controls be performed to ensure that controls are functioning as designed or needed. The Board should consider whether this function is conducted by an internal auditor recommended in another finding in this report on page 55, addressed with the engaged auditing firm, or that controls are evaluated in another manner.

Finding 6: The Board meeting minutes did not sufficiently document Board actions.

The minutes of monthly Board meetings did not provide details of changes to BGA policy and other significant matters.

The minutes provided by the Board for our analysis were essentially structured the same each month for the calendar years 2006, 2007, and 2008.

Once the time, date, and Board members in attendance are recognized, the minutes list the names of all non-Board member attendees present at the meeting. The meeting is called to order and the Board submits a first and second motion to approve the minutes of the previous meeting. We found all such motions were passed unanimously during this time period. The Board does not typically discuss the prior meeting's agenda, meeting outcomes, or any previous policy changes made.

The Board then is presented with the previous month's financial report. The minutes reflect the previous month's revenues, expenses, and the resulting surplus or deficit. Also provided are the fiscal year-to-date figures and any general fund cash balance, which includes restricted funds. A motion is made and a second to approve the financial report. The minutes examined reflect that the financial reports were unanimously passed at each of the monthly Board meetings.

The Board met each month during the examination period with two exceptions, the months of February and May of 2007. The financial reports for January and February 2007 were presented during the March 2007 meeting; however, the minutes for the June 2007 meeting indicated that while the May 2007 financial report was presented, the April 2007 financial report was not presented to the Board.

The Board then receives a report from the following sub-committees, when they meet: the Finance Committee, the General Development and Operations Committee (GDO), Internal Affairs Committee, General Aviation Committee, and the Nominating Committee. When the sub-committees do meet, their reports to the Board offer the topics discussed in their meetings. There are no motions for approval by the Board of the sub-committee notes.

Findings and Recommendations

We also found no discussion of budgetary amendments or concerns while discussing the monthly financial report. According to the BGA, the committee can make recommendations to the full Board when appropriate; however, during the three years examined, we found no recommendations documented in the minutes by the committee to the Board for discussion.

The Board then hears comments from the public. A variety of comments were identified in the minutes such as, but not limited to, introductions of new BGA partners, groundbreaking ceremonies, public meetings and events, airport exhibits, presentations of proposed BGA enhancements, individuals expressing appreciation to the Board and to the BGA, and presentation of employee service awards.

Although these matters may be mentioned in the minutes, details such as related costs and attendees are not documented. One entry in the Board minutes identified a presentation given to the Board by Design Works relating to “the proposed front entry feature.” The minutes do not provide any details including costs associated with the entry feature. The minutes only mentioned that the project may qualify for funding through a grant. The Board notes no further approvals or disapprovals.

Another entry identified in Board minutes relating to an event at Keeneland, referred to as the Concourse Hanger Bash, was also mentioned but again the minutes provided no documentation of details relating to this party or BGA’s costs relating to this event.

We found that topics such as BGA renovations, budget amendments, approval of the airport/airline partnership fund, approval of sale of surplus equipment, approval of salary adjustments, and election of officers were discussed; however, most of the topics discussed among the Board lack any detailed discussion among members, documentation of specific changes made, or reasons for approvals of the Board’s motions.

The Board’s minutes do not discuss approvals for BGA’s spending on executive travel, BGA events, BGA marketing, or any monetary amount of purchases for BGA. Even though budgetary limits on spending for travel were in place for each Department, per BGA Counsel, those limits were often overspent without any mention of discussion by the Board in their minutes.

The Board often entered into closed sessions during monthly meetings. Board minutes document that the purpose of the closed sessions were to discuss property acquisition, pending litigation, and/or personnel matters. However, regarding personnel matters, the Board may not enter into closed session for general personnel matters, but must go into closed session to discuss very specific matters.

Findings and Recommendations

According to the Kentucky Office of the Attorney General (OAG) Opinion 97-OMD-124, “[a] public agency’s authority to go into a closed session relative to personnel matters is severely restricted. General personnel matters cannot be discussed in a closed session. The only personnel matters which can be discussed in a closed session by a public agency are those which might lead to the appointment, discipline, or dismissal of personnel of that particular agency.” It further states, “[w]hile the public need not be advised as to the name of the specific person being discussed in connection with a possible appointment, dismissal, or disciplinary action, the public is entitled to know the general nature of the discussion which would be that it involves either a possible appointment, a possible dismissal, or a possible disciplinary matter relative to a specific unnamed person or persons.”

While we do not question the necessity of closed sessions, we found Board minutes did not provide a summary of Board actions taken or any conclusions reached during their closed sessions, except in November of 2008.

During the November 2008 meeting, the Board returned from closed session and a motion was made to approve a resolution to authorize acquisition of property. The minutes do not specifically state this is an official Board action, but it was entered into the minutes after the closed session ended and it passed unanimously.

While it is not specifically stated that a public agency must take action after a closed session, the law implies such, as it states in OAG 81-387, “[t]he minutes shall set forth an accurate record of votes and actions at such meeting.” It further states “[n]o final action of a positive nature should be taken in a closed session.” Therefore, if a Board action is taken, it is subject to open meetings law and a motion and vote should be made while in open session of the Board meeting. The minutes should adequately reflect all official actions of the Board.

In July 2008, a \$10,000 check was made to a facility on behalf of the former Executive Director. Through discussion with certain members of the Board and the Board Attorney, the Board made the decision to provide these funds as a loan to the former Executive Director; however, Board minutes did not document any such discussion or action.

We understand through the Board’s Attorney that there is disagreement now with the former Executive Director as to whether the \$10,000 payment was actually a loan. As a result, to date our understanding is that the former Executive Director has not agreed to repayment of these funds to the BGA.

Findings and Recommendations

Recommendations We recommend the Board ensure its meeting minutes adequately reflect all official Board actions.

We recommend the Board require more detailed reporting from its sub-committees. For example, we recommend the Finance Committee present reporting specific to certain expenditure types such as monthly travel, entertainment costs, and marketing costs.

We recommend the Board require presentation of costs related to significant BGA events and sponsorships.

We also recommend the Board clearly document in its minutes any discussion among its members relating to budgetary issues or concerns. We also recommend any formal action of the Board should be documented in detail.

Finally, we recommend the Board ensure that closed sessions are entered into in accordance with Kentucky Law.

Finding 7: BGA policies were not followed after a vehicle accident involving the former Executive Director.

Through interviews conducted with various BGA management, we were informed that on July 17, 2008, the former Executive Director was involved in an accident resulting in property damage while driving a BGA vehicle that was towing a trailer. According to the information provided, he was transporting old fence posts to be used on a farm.

The following day BGA learned that two mailboxes had been damaged while the former Executive Director was driving the BGA vehicle. On July 18, 2008, BGA maintenance workers purchased lumber, two mailboxes, and gold numbers totaling \$76.84 to replace the damaged mailboxes. The employees' labor cost, when applying their pay rate to the number of hours worked, to repair the damage was \$55.46. The cost of materials and labor totaled \$132.30.

According to the Personal Use of Company Property section of the BGA Employee Policy and Procedures Manual, "[a]s an employee of the Airport, you accept full responsibility for any and all liabilities for injuries or losses that occur." The policy further states, ". . . you agree that you are required to pay for any damages that occur while using the equipment or tools for personal projects."

According to the Chief of BGA Public Safety, the BGA Public Safety Dispatch is to be informed of vehicle accidents and a BGA Property Management Report is to be completed and filed to document the accident. Further, the Post Accident Testing Section of Appendix A, of the Policy and Procedures Manual states:

Findings and Recommendations

1. When an employee is involved in a work-related accident or a work-related motor vehicle accident, a full report of the incident will be made and the employee may be required to submit a urine sample and a blood alcohol test.
2. If an employee who is subjected to post-accident testing . . . refuses to be tested, that employee may be terminated from employment with the Airport Board.

The procedures stated in the policies above were not followed. Further, the BGA Chief of Public Safety returned from vacation the following Monday after the incident and was reportedly told of the accident by the former Director of Operations. According to the Chief of Public Safety, he told the former Director of Operations that an accident report needed to be completed; however, the Chief was told not to fill out a report.

Recommendations

We recommend the Board evaluate its policy regarding the personal use of equipment by its employees to determine whether it is appropriate for BGA equipment to be used for personal use. Further, we recommend the Board be reimbursed the cost of materials and labor to replace the damaged mailboxes. Finally, we recommend that all policies and procedures be consistently followed when a vehicle accident occurs.

Finding 8: Financial records are missing and no action was taken.

In the fall of 2005, financial records including select credit card statements and expense reimbursements were removed from the BGA Accounting Office. According to one Accounting staff member, records were discovered missing through the normal course of business. As Accounting personnel accessed records, it was discovered that certain entire files were missing. Upon this discovery, the Accounting staff notified the former Director of Administration and Finance and initiated an inventory of all BGA financial records.

Through inventory of all financial records, the BGA Accounting staff identified missing credit card statements for fiscal years 2002, 2003, 2004, 2005, and 2006. All of the former Executive Director's credit card statements were missing for fiscal years 2002 through October 2005. Also, credit card statements for a former Director of Marketing and the former Director of Operations were periodically missing throughout these fiscal years.

All expense reimbursements were missing for fiscal years 2000, 2001, 2002, 2003, 2004, and 2006 for the former Executive Director. Expense reports for other Directors and the Manager of Administration were missing for certain fiscal years. The expense reimbursements for fiscal year 2005 were still intact in a locked filing cabinet.

Findings and Recommendations

In response to missing records, BGA installed a card reader on the door to the hallway leading to the Accounting Office, which restricts access to the Accounting Office during lunch and non-business hours including weekends.

It is our understanding that the records were not reported missing to either the Board or law enforcement. Furthermore, the records have not been located or returned to the Accounting Office.

Due to missing financial records, an allegation that the former Executive Director incurred excessive travel charges on a trip to Minneapolis in FY 2002 could not be substantiated. The allegation reported excessive hotel and limousine charges.

Recommendations We recommend BGA retain scanned electronic images of financial records.

We further recommend the Board establish a policy to ensure immediate and direct reporting of any missing airport property, including financial records, to the Board. The Board should ensure law enforcement is notified.

Finding 9: The Board failed to ensure that travel and related expenditures were justified.

Our review of credit card statements, expense reports, and travel advances document numerous out-of-state and international travel for events and conferences. No documentation was identified that the Board was aware of the cost of these trips or the benefit provided to BGA. The former Executive Director sporadically provided a “Director’s Report” to the Board but these reports did not provide any details related to cost or whether other BGA employees were traveling with him. In addition, the expense reports submitted by BGA employees did not document the purpose and nature of the business discussed or the company representatives attending meetings.

The former Executive Director’s reports to the Board were incomplete and infrequent. For the period under review, he submitted three reports in 2006, five reports in 2007, and 12 reports in 2008.

The reports did not provide many in-depth details of the former Executive Director’s monthly schedule. The reports provide a list of the “Major Meeting/Speaking Engagements” for the prior month(s) and what is planned for the upcoming months. Dates, event titles, and some of the locations of the events are provided, but no additional detail is included. The reports show that many events are located in Kentucky as well as out-of-state. However, there are engagements listed that do not provide a location.

In the July 2007 report, one of the meetings planned was listed as “July 31 – Aug. 1 Delta Air Lines Visit (Atlanta).” In the August 2007 report, the following comment related to this trip was provided:

Findings and Recommendations

We recently met with Delta in Atlanta July 31st and 1st. We spent time with . . . Delta’s VP of Planning and 4 other members of his route planning team updating them on the Lexington market and going over our incentive partnership program. We continue to build positive relationships with the airlines.

From our review of credit cards and expense reports, this overnight trip cost at least \$4,733.59. The following details the costs incurred by the former Executive Director and the Director of Marketing:

| | | |
|--------------------|---|-------------------|
| Limos | - | \$1,112.50 |
| Meals | - | \$563.50 |
| Hotel | - | \$1,021.99 |
| Braves Merchandise | - | \$68.00 |
| Airfare | - | <u>\$1,967.60</u> |
| Total | - | \$4,733.59 |

The December 2007 report lists that the former Executive Director planned to attend the AAAE Issues Conference on January 4th-10th. It does not state that other BGA officers, employees, and their families will also attend. According to his credit card statement and expense report, the former Executive Director stayed in Hawaii until January 14th.

During 2008, the former Executive Director provided reports for every month. In the February 2008 report, he included a presentation in Denver on February 28th at the Airport Planning & Design Construction Symposium. According to his credit card statements, expenses were incurred until March 4th.

As discussed in Finding 1, BGA Administration’s Training and Travel costs exceeded its budget for the past three years. Additional information on the former Executive Director’s meetings/speaking engagements could have been requested by the Board to question the expenses in an effort to control these costs. Instead, the Board increased the “Training and Travel” budget from \$90,000 in 2006 to \$150,000 in 2008. Though the “Training and Travel” budget increased annually, actual expenditures continued to exceed the budget by 84 percent in FY 2006, 83 percent in FY 2007, and 33 percent in FY 2008.

Recommendations

We recommend the Board approve a travel plan in advance and incorporate these trips in the “Training and Travel” budget calculations. Therefore, the approval for these trips would be documented and the cost planned. We further recommend any additional travel needs should be discussed, along with the anticipated cost and attendees, at the Board meeting so that the Board’s approval will be documented.

Findings and Recommendations

Finding 10: An annual marketing strategic plan was not developed to evaluate the cost and effectiveness of BGA marketing expenditures.

Several questionable expenditures were coded as “marketing” or “special events” but there was no documented or approved marketing plan to confirm that these expenditures were legitimate or beneficial to BGA marketing efforts. Total Marketing and Public Relations costs increased 16 percent from FY 2006 to FY 2008. Without a strategic marketing plan, the effectiveness of these expenditures cannot be gauged, monitored, or determined to be beneficial to the growth of BGA.

From our review of credit cards, expense reports, and employee reimbursements, there were numerous expenditures for liquor, chocolate, and gift baskets that were coded as marketing expenditures. In addition, there were meals and entertainment charges that were coded as special events. These expenditures are not tracked, nor is there a process to quantify whether the effort was beneficial to BGA business purposes. Without clearly defined marketing objectives it cannot be determined whether marketing efforts are beneficial to the organization or simply a wasteful and ineffective use of BGA funds.

BGA did not have specific marketing goals or plans. There were marketing expenditures and activities related to current and existing vendors as well as potential vendors. Substantial marketing expenditures appear to have been made for established BGA vendors or business partners. A marketing plan would allow the Board to determine whether these activities benefit the goals and objectives of the BGA. Nor is there the opportunity to re-evaluate or modify marketing strategies to ensure they enhance the objectives of BGA.

Recommendations

We recommend the Board develop specific marketing goals to monitor the success of BGA’s promotional efforts. For each marketing goal, BGA should ensure expenditures for gifts or entertainment is minimized with each activity related to a specific marketing goal. We also recommend the Board use this information to establish spending benchmarks that will assist them with budgeting and management decisions.

Finding 11: The Board did not establish a policy to identify or account for additional benefits or memberships provided to BGA Directors.

Certain benefits and organization memberships made available to BGA Directors and an employee were not documented or the cost tracked to ensure any personal income was reported on the appropriate tax form of the employee. Subsequent to the initiation of this examination, an effort was made by the Board to identify for 2008 a list of benefits and organization memberships made available to the Directors and other employees and to determine any taxable amount that should accrue to the employee. As a result, amounts were added to certain employees’ taxable income.

The BGA Employee Policy and Procedures Manual documents benefits provided to full or part-time employees. Examples of full time benefits include paid recognized holidays, vacation, sick, or other various types of leave, and various insurance coverages.

Findings and Recommendations

In addition, the policy manual documents in a section entitled the Director's Vacation Policy that the vacation policy for the Directors differs from how employees' vacation is handled. Directors are credited with hours of vacation leave based on the years of service as of July 1 of each year. In addition, the Manager of Administration was authorized by the former Executive Director to receive payment for vacation hours in excess of 200. Policy states that only directors are allowed to receive pay for vacation over 200 hours. The Director's vacation policy and payment for vacation leave is discussed in another finding on page 76 of this report.

Based on information gathered from interviews of BGA officers, management, and other sources, it appears the Board was aware that Directors were provided unlimited use of a BGA vehicle and gasoline. The former Executive Director was provided a new vehicle each year and at the end of the year the vehicle was then provided to one of the Directors. Gasoline could be acquired at the BGA fueling station, through the use of a fuel credit card, a BGA issued credit card, or the Director could be reimbursed for the purchase of gasoline.

Directors were also allowed to have gym memberships, internet service, cell phone service, and laundry service. We were informed that the former Executive Director would periodically tell the Directors of such benefits they could elect to take advantage of. It should be noted that the Directors' participation in these benefits varied based on the Director's decision. For example, a gym membership, internet or laundry services may have not been used at all by some Directors or could have been used for a varying length of time. Also, these services may have been used for business or personal use. A gym membership paid for the former Executive Director was \$799, Manager of Administration \$504, and Director of Marketing \$379.95. The Director of Marketing's membership cost was only for a four-month period ending in June of 2008 because he terminated his membership.

The former Executive Director authorized the Manager of Administration's gym membership to be paid by BGA although she is not a Director. She, in a handwritten request to the former Executive Director, stated, "I have heard you say that the airport will reimburse for a club membership for a fitness program. Am I a candidate?" His response written on the note stated, "Yes, for the Core Management Team." BGA reimbursed her \$504.38 for the gym membership on May 16, 2008.

We were also informed that the former Executive Director initiated a weight loss program for himself and Directors. In an email we were provided dated October 10, 2008, sent to the Directors, the former Executive Director referring to Directors' weights states, "here are the stats to beat" and "\$50/Pound lost by

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December 30, 2006.” This implies each participating Director would be paid \$50 for each pound lost. The Director of Marketing stated he received no payment and we were unable to determine whether any payments were made as a result of this program.

In response to a request, a list was provided of memberships and association fees BGA paid for the former Executive Director that totaled over \$36,500 for calendar year 2008 as evidenced below.

Table 45: Former Executive Director Fees Paid by BGA in 2008

| Membership | Time Period | Amount |
|--|-------------|-----------------|
| AAA Blue Grass/Kentucky | Yearly | \$59 |
| AAAE/Airport Legislative Alliance | Yearly | \$8,000 |
| AAAE/Transportation Security Policy and Regulatory Affairs | Yearly | \$6,000 |
| AAAE/ARDF | Yearly | \$450 |
| BHA (Bluegrass Hospitality) | Yearly | \$1,500 |
| Bluegrass Tomorrow | Yearly | \$500 |
| Keeneland | Yearly | \$500 |
| KY Chamber of Commerce | Yearly | \$980 |
| KY World Trade Center | Yearly | \$275 |
| Kentuckians for Better Transportation | Yearly | \$550 |
| AOPA (Aircraft Owners and Pilots Assoc.) | Yearly | \$39 |
| National Business Aviation Association | Yearly | \$350 |
| Airports Council Int'l-NA | Yearly | \$12,409 |
| Michigan Assoc. of Airport Executives | Yearly | \$70 |
| Lafayette Club | Monthly | \$62 |
| Urban Active | Yearly | \$799 |
| Thoroughbred Club of America | Yearly | \$300 |
| Southeast Chapter of the AAAE | Yearly | \$35 |
| Great Lakes Chapter-AAAE | Yearly | \$35 |
| The Fayette Alliance | | \$250 |
| Frankfort Area Chamber of Commerce | Yearly | \$315 |
| Lexington Forum | Yearly | \$225 |
| Lexington Area Sports Authority | Yearly | \$500 |
| Commerce Lexington | Yearly | \$772 |
| Downtown Lexington Corp. | Yearly | \$750 |
| Cincinnati Arts Association | Yearly | \$550 |
| AAAE | Yearly | \$225 |
| Total | | \$36,500 |

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Recommendations We recommend that each type of benefit provided to an employee be clearly identified in the BGA Employees Policy and Procedures Manual and that benefits are properly accounted for to ensure taxable amounts accrue to the employee. We further recommend organization, association, and membership fees should be thoroughly reviewed by the Board to ensure BGA receives a reasonable benefit from these memberships. Finally, we recommend that the Board evaluate its practice of providing a vehicle to each Director and especially assess its practice of annually providing a new vehicle to the Executive Director. In Chapter 3 of this report, surveys of other airports noted that monthly allowances were provided to certain employees or mileage reimbursement was provided.

Finding 12: BGA former Executive Director’s salary was substantially higher than other airport executives surveyed; Directors’ salaries increased significantly.

Five BGA directors and the Manager of Administration experienced substantial increases in their annual salaries over an eight-year period. The following table illustrates each individual’s ending salary for each fiscal year.

Table 46: Salaries for Directors and the Manager of Administration from 2000 to 2008

| Position Title | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY2008 | Percent of Increase From 2000 to 2008 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------------------------|
| Executive Director | \$105,352 | \$110,635 | \$121,701 | \$131,435 | \$151,008 | \$166,109 | \$190,008 | \$209,019 | \$219,461 | 108% |
| Director of Administration and Finance | \$81,141 | \$86,004 | \$91,187 | \$96,658 | \$103,438 | \$115,003 | \$125,362 | \$134,139 | \$140,858 | 74% |
| Director of Operations | \$76,190 | \$83,047 | \$90,002 | \$96,574 | \$103,335 | \$115,003 | \$120,765 | \$130,437 | \$137,322 | 80% |
| Director of Planning & Development | \$78,978 | \$84,503 | \$90,002 | \$96,304 | \$96,304 | \$111,010 | \$122,117 | \$133,106 | \$139,776 | 77% |
| *Director of Marketing | - | - | - | - | - | - | \$95,014 | \$118,768 | \$135,013 | 42% |
| **Manager of Administration | \$41,309 | - | - | \$47,008 | \$55,432 | \$60,008 | \$65,416 | \$71,302 | \$79,165 | 92% |

Source: Auditor of Public Accounts based on information provided by BGA’s Manager of Human Resources.

*Director of Marketing was hired in 2006 and therefore, his percent change was calculated between 2006 and 2008.

**Manager of Administration 2001 and 2002 salary information was not provided and she received an additional raise in 2004 from \$51,314 to \$55,432.

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Chapter 3 of this report provides the information received from a survey of five other airports. Specifically, Table 36 on page 33 contains the salaries of those airports' executive directors. Based on this information, the average annual salary of the other airport executives was \$173,330. Compared to the salary information received from the five other airports, BGA's former Executive Director's annual salary for FY 2008 was approximately \$46,131, or 27 percent, more than other airport executives.

Along with the former Executive Director's 108 percent salary increase from 2000 to 2008, the other Directors and Manager of Administration also enjoyed large increases in their salaries ranging from 42 to 92 percent. The Manager of Administration had the largest salary increase at 92 percent and was rewarded with two raises in 2004. The lowest percentage, 42 percent, was for the Director of Marketing that was not hired until FY 2006.

We were informed that the former Director of Administration and Finance conducted a salary survey on an annual or biannual basis. Wage and benefit surveys conducted by other airports, as well as local and state organizations, were reviewed to compile recommended changes to BGA's salary ranges. However, it is not specifically known if the salary surveys impacted the salaries of the Directors or the Manager.

The former Executive Director's salary increases were recommended and approved by Board members. The salaries of the other listed Directors and the Manager were approved by the former Executive Director. It is not documented on the salary increase recommendations whether the Board was aware of the increases approved by the former Executive Director for the Directors and Manager.

Recommendations

We recommend the Board review BGA's current salary ranges to evaluate the reasonableness of Director level salaries as well as other BGA employees. An independent review of salary ranges should be considered to ensure that salaries are comparable with other airports that are the size of BGA. We further recommend information regarding future salary ranges be developed or verified by an independent source.

Finally, we recommend the Board review the salary increases recommended by the Executive Director and document their review on the prescribed form.

Finding 13: Excessive spending occurred for BGA employees and tenants' parties and gifts.

Under the administration of the former Executive Director, the BGA expended a significant amount of funds on employee parties, door prizes and gifts to employees. Though various expenditures for these events were identified, we cannot be certain of the full cost of the gifts, prizes, and other expenses associated with these events.

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Each year, BGA hosts a series of parties and events for its employees. One such event is the annual Fall Festival (Festival), which is held each October on airport grounds. Guests invited to the Festival include BGA board members, employees, tenants and their families. The Festival includes food, pumpkin carving, rock wall climbing, kids games, a dunk tank, inflatable units, children gifts and expensive door prizes.

According to the BGA Marketing Manager, the Festival started as a small-scale event but became a larger event in 2006. She explained that in 2006 the former Executive Director arrived at BGA with a large quantity of toys, geared mainly toward boys, varying in cost from approximately \$5 to \$30 each. It was explained that the toys were to be handed out to all the children who attended the Festival. The Marketing Manager was unaware of how the items presented by the former Executive Director had been purchased.

We identified a \$381.34 charge on the former Executive Director's BGA credit card to Toys R Us on October 7, 2006; however, no supporting documentation exists to detail the items included within this purchase. In addition, a \$42.74 credit charge was placed on the Marketing Manager's BGA credit card on October 28, 2006, for toys, which were purchased by the Marketing Manager at the Direction of the former Executive Director to ensure a sufficient number of toys were available for selection by girls.

The Marketing Manager stated that the distribution process was difficult to manage, estimating that there were about 100 children present at the festival that year. She further stated that there was no accounting for the number of toys purchased or the number of toys that were distributed.

According to the Marketing Manager, they tried to scale back on children gifts each year following the 2006 festival. For example, in 2007 they purchased gift cards for one age group, ice cream gift cards for another age group, and plush toys for the youngest age group. The Marketing Manager made credit card charges totaling \$575 in October 2007 for the purchase of gift cards for that year's festival.

In addition to the Marketing Manager's charges, an expense reimbursement of \$1,213.34 was made to the former Executive Director on November 16, 2007, for what is described on the supporting documentation as "Fall Fest Expenses – Children's Gifts." The supporting documentation for this expense reimbursement is a typed listing of various vendors and amounts. Actual vendor receipts were not provided or required by BGA in order to reimburse the former Executive Director this full amount.

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In 2008, the gifts to children attending the festival were reduced to \$5 gift cards for ice cream for all age groups. This expense was incurred by the Marketing Manager on October 29, 2008, and totaled \$700, which is approximately \$1,000 less than the amount expended for children's gifts in the prior year.

It is our understanding, through interviews with various Directors and the Marketing Manager, that the airport also incurred the expense for high value door prizes, which were given away at the annual Festival. On October 30, 2006, a \$731.36 charge was placed on an airport credit card for the purchase of a camera, a digital memory card, an LCD TV and an I-pod Nano. According to the Marketing Manager, these items were door prizes for the Festival in 2006.

One BGA employee stated there were times when they felt the spending was "over the top." The employee stated that when first employed by BGA they were surprised by the items raffled off at BGA events.

In addition to the annual Festival, BGA held an annual Christmas party for its employees, which also included expensive door prizes. According to the Director of Marketing, in 2006 he was asked by the former Executive Director to buy trains to raffle off to employees at the annual Christmas party.

On December 19, 2006, a \$423.98 charge to Berkshire Trains was placed on the Director of Marketing's BGA credit card for the door prize. The Director of Marketing stated that Directors were eligible to have their name drawn; however, he precluded his name from the raffle since he and the Marketing Manager were responsible for the drawing of the winner's name.

The Director of Marketing believed that the former Director of Operations had made a similar purchase the following year. While reviewing BGA credit card charges we did identify on the former Director of Operations BGA credit card a \$625.38 charge to Berkshire Trains on December 14, 2007; however, we also identified two charges to Hobbytown USA totaling \$1,222.49 on the former Executive Director's BGA credit card around the same time period. Supporting documentation for these charges were not provided by either cardholder; therefore, auditors are not able to determine the actual items purchased or the purpose of these purchases.

In addition to toy trains, the airport purchased a holiday ham for each member of the Board and employee of the airport. Between January 2006 and December 2008, the airport expended \$14,741.11 on holiday hams.

Airline industry and business partners were also provided with gifts during the holidays. In December 2006, BGA spent \$2,875.45 in BGA funds to send chocolates to business partners including the Board Attorney's Office and the CPA

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firm selected to conduct the annual financial statement audits of the airport. In December 2007, the cost for these chocolates increased to \$3,208.22; however, in 2008 the cost for business partner Christmas gifts was reduced to \$1,450 for the purchase of cheesecake samplers.

Directors and the Manager of Administration received Christmas gifts ordered at the direction of the former Executive Director. These gifts, which were paid for through a BGA credit card, include Bose Wave Radio systems and Wii Video Game Bundles. According to the former Director of Operations, the former Executive Director would select a particular item and have the Directors place it on their BGA credit cards and say that it was a gift from the BGA. In 2008, the gift was to be a TiVo; however, the former Director of Operations stated that the order was cancelled at the directive of all the Directors because they did not feel it was appropriate. Charges were initially placed on the BGA credit card of the former Director of Administration and Finance.

Outside of the holiday season, BGA also provided gifts to its Board members for various occasions. According to the former Director of Operations, charges were placed on his BGA credit card for gifts to departing members of the Board. He said typically the former Executive Director liked to provide members of the Board with wooden propellers. We identified one charge on the former Director of Operations' BGA credit card dated July 7, 2008, for a vintage flight propeller in the amount of \$201.50.

The former Director of Operations stated that female members of the Board were given jockey silks rather than the propellers but stated the payment for the jockey silks was made by the Marketing Department. Auditors did not identify such an expense through examination of credit card or expense reimbursements between January 2006 and December 2008.

In another instance, we identified a \$296.06 credit card purchase made on March 25, 2008, for 14 copies of a book entitled "The Little Red Book of Everyday Heroes," which was written by the former Board Chair's spouse. The charge was placed on the Marketing Manager's BGA credit card.

According to the Marketing Manager, she was directed by the former Executive Director to make the purchase for the purpose of providing a copy of the book to the former Executive Director and each member of the Board. She stated that he wanted to have the books placed at each members' seat before they arrived for the next Board meeting.

Findings and Recommendations

It is our understanding, based on Director's reports to the Board and interviews with various BGA personnel, that the Board was aware of the majority of these gifts or at least had been invited to the events during which most of these gifts were distributed. The exceptions to this would be the Christmas gifts to business partners and to the Directors and Manager of Administration; it is unclear whether the Board was aware of those expenses. We, however, do not believe the Board was aware of the total cost of these gifts, as we have seen no reporting to the Board with such detail and the expenses identified were coded to the Marketing budget.

Recommendations

We recommend that in establishing policies the Board be mindful of the standards of accountability that public officials are held to. Included in these standards are requirements that expenditures must be reasonable, beneficial to the public, and not predominately personal in nature.

We recommend the Board review the BGA practice of gifting to itself and employees and establish better guidance within its policies for the purchase of such discretionary items.

In addition, we recommend BGA ensure the purchase and distribution of such discretionary gifts are clearly documented to allow for scrutiny and better accountability of those purchases.

Finding 14: BGA funds were used to purchase over 400 DVDs, many of which are not accounted for.

In the mailroom of the BGA offices is shelving for a series of DVDs, which is referred to by the employees as the DVD Library (Library). The Library is available to all employees and is cataloged and maintained by the BGA Receptionist.

As DVDs are presented to the receptionist, she adds the DVD to the Library catalog and places a sticker on the DVD case indicating that it is the property of the BGA. According to the receptionist, all DVDs she was provided were placed on the sign out sheet for DVDs as a comprehensive listing of the DVDs she has cataloged and labeled as airport property. Over 330 DVD titles are cataloged on the list as of December 2008. See Exhibit 3.

According to the former Director of Operations, the DVD library was initiated by the former Executive Director. Various credit cardholders state that they were approached by the former Executive Director and asked to purchase specific DVDs.

The Marketing Manager recalled that she had been asked by the former Executive Director on two occasions to make a specific DVD purchases. On one occasion the former Executive Director presented her with a listing of DVDs he wanted. She noted that the listing included historical subjects but she believes he also requested one entitled "High School Musical" and another entitled "Dogma."

Findings and Recommendations

According to the Marketing Manager, when the DVDs arrived she delivered the DVDs to the receptionist, with one exception. The Marketing Manager stated that the former Executive Director had asked for the DVD movie entitled “Dogma” on multiple occasions. She felt there was a sense of urgency to obtain this movie so after she purchased the DVD she delivered the DVD directly to his office.

On July 25, 2008, an email was sent from the former Executive Director to the former Director of Operations asking him to call and confirm an order that the former Executive Director had placed on the former Director of Operations BGA credit card. According to the email, the vendor was requiring the cardholder to provide a verbal confirmation due to the amount of the purchase. See Exhibit 2. The purchase was for 38 DVDs from the Discovery Channel and totaled to \$700. Of these 38 DVDs, nine of these are not included in the BGA’s DVD library. These nine missing DVDs total to \$262.88 and include a DVD Set entitled “Body Atlas.”

Auditors noted several DVD purchases while examining expense reimbursements and credit card purchases; however, because the supporting documentation did not always disclose the title of the DVD auditors were not able to make a determination regarding whether every DVD purchased by BGA personnel were actually included in BGA’s DVD library.

For those purchases, which clearly documented a DVD title, auditors compared the DVD title to the BGA DVD library listings provided to this office by the BGA receptionist. As a result of this comparison, auditors clearly identified another 60 DVDs totaling over \$983 not listed on the BGA inventory, for a total of over \$1,200 in DVD purchases not included on the BGA inventory listing. See Exhibit 4.

While discussing the purpose of the DVD library with BGA personnel, one Director stated that he believed the DVD purchases were personal in nature while another simply acknowledged that the titles of some of the DVDs may lead a person to believe that the DVDs purchased were for personal use. Through interviews with BGA personnel, no necessity or clear business related purpose for these purchases was provided.

Recommendations

We recommend the Board either seek compensation or an accounting for the DVDs that were not included in the DVD library inventory.

We recommend the Board review the DVD Library program and make a determination as to the benefit to the BGA to continue to purchase DVDs.

Findings and Recommendations

**Finding 15:
Management spent
excessively on
team-building
events, including
one outing costing
over \$7,400.**

While conducting interviews with BGA credit cardholders, auditors were informed of a number of team-building exercises and excursions in which the cardholders participated. In some cases, family members participated at the expense of BGA.

According to those who attended team-building exercises, the former Executive Director initiated the outings. The outings were seen as a way to gather and connect outside of the workplace. Some of those interviewed indicated that they believed the exercises were beneficial to some degree. The Manager of Administration stated that she first felt a part of the Management Team after attending a team-building exercise in June 2005.

On June 20, 2005, five charges were placed on individual BGA credit cards for the Executive Director, Directors and the Manager of Administration to participate in the Richard Petty Driving Experience. See photo at Exhibit 5. The total costs for participation in this team-building exercise was \$7,431.55.

On May 17, 2006, charges to Collins Southland Bowling Lanes totaling \$336.50 were found on two BGA credit cards. The purpose of these charges was identified as a team-building exercise. According to the former Director of Operations, the outing included the Assistant Chief of the Public Safety Platoons; no additional information was provided regarding this outing.

In addition to the team-building exercises, the Directors described excursions they participated in while attending conferences. According to those interviewed it seemed acceptable because they were expected to go out while attending the conferences and interact with others in the airline industry. One employee stated that it was believed that if others were bringing along their spouses to these outings, you were expected to bring your spouse along.

While attending the 2008 AAAE Issues Conference, the former Director of Operations stated that he was instructed by the former Executive Director to pay for a horseback-riding excursion at which the former Director of Operations and his family along with the former Executive Director and his family attended. The former Director of Operations believed that a Transportation Safety Administration (TSA) representative was also present but he believes the TSA person paid his own expenses.

The former Director of Operations stated he believed that the former Board Chair was aware of these types of expenses. However, the former Director of Operations stated that he spoke with the former Board Chair after the Issues Conference and he indicated that he was not aware of the horseback-riding excursion. The cost of this excursion was \$1,499.51.

Findings and Recommendations

In addition to this excursion, the former Director of Operations recalled participating in an ATV excursion while attending an AAAE Conference. He stated that the former Executive Director and his family along with the former Director of Operations and his family attended this outing. The exact expense date is not known and auditors did not identify the specific charge.

Included within the former Board Chair's expense report for the 2007 AAAE Issues Conference, auditors identified a \$388 room charge for what is described on the hotel receipt as a "Helicopter Tour." The exact purpose of the tour and the names of those in attendance were not documented. The charge was initially paid directly by the former Board Chair who was later reimbursed through a BGA expense report. The helicopter tour was covered in full through this reimbursement.

Also in conjunction with the 2007 AAAE Issues Conference, auditors identified a \$330.20 charge placed on the former Executive Director's BGA credit card to Just Live, Inc. located in Hawaii. No supporting documentation was provided for this charge. While examining this particular charge, auditors found that the vendor specializes in outdoor team-building exercises. Again the purpose and the names of those individuals in attendance were not documented.

It is not clear if the Board had knowledge of each of these outings. The Board minutes and the monthly Director's report to the Board do not contain sufficient detail to determine for certain. If these outings were for the benefit of BGA, it would be reasonable to expect that the outings and the benefit from these outings would be discussed openly with the Board.

While attending an excursion at a conference with others from the same industry may have some networking value and in turn be beneficial to BGA, the practice of the airport incurring such costs for family entertainment is not appropriate.

Recommendations We recommend the Board review the BGA practice of incurring the expense of team-building exercises to determine if this is an acceptable use of BGA funds. We recommend the Board consider the costs and the benefits, if any, that BGA would receive.

If the Board deems the practice of team-building exercises acceptable, we recommend the Board establish a policy relating to the practice. The policy should provide guidelines for such activity including a prior notification be made to the Board along with an explanation as to the anticipated cost and benefit.

Findings and Recommendations

Finally, we recommend the Board establish a policy to clarify the type of expenditures that are allowable while attending conferences. The policy should provide examples of activities that are to be paid for personally by the employee and not the responsibility of BGA. For example, family expenses are considered personal expenditures and as such should not be paid by BGA.

**Finding 16:
Bonuses and
vacation pay were
made to certain
employees at the
discretion of the
Executive
Director.**

Between January 2006 and December 2008, employees were paid approximately \$23,441.33 in bonuses and \$82,744.58 in vacation payouts.

According to those interviewed, the former Executive Director arbitrarily provided bonus payments to certain employees. The bonuses would vary in amount and were made at the former Executive Director's discretion. It was explained that bonuses were provided to individuals for performing additional job duties or going beyond the requirements for their jobs.

One example provided were bonuses to the Maintenance Manager and two staff members. The Maintenance Manager received a bonus payment of \$1,389.60, while one staff member received \$610.65, and the other received \$652.84. The Human Resource Manager stated that it was her understanding that these individuals assisted in preparing BGA's Fall Festival.

Through interviews with Directors, we were informed that they had also received bonus payments. On December 13, 2006, each Director received a bonus payment. The Director of Marketing received \$2,905.03, the former Director of Planning and Development received \$2,672.34, the former Director of Operations received \$2,644.66 and the former Director of Administration and Finance received \$2,692.87. Per the Human Resource Manager, the amount of the bonus payments were calculated in such a way to ensure the individual received an even dollar amount after taxes, such as \$500 or \$1,000.

The Human Resource Manager also noted that four other individuals received bonuses due to performing additional work for the employees Christmas party on December 13, 2006. The Maintenance Manager received \$1,392.10, the Chief of Public Safety received \$1,421.22, the Marketing Manager received \$1,390.27, and the Manager of Administration received \$1,390.27. Each of those four payments was a net amount of \$1,000.

Payroll records also show that the former Director of Administration and Finance received another bonus payment on May 5, 2008, in the net amount of approximately \$1,500 for "AAAE Accreditation" that he recently received.

Findings and Recommendations

During interviews, we were also informed that the Manager of Administration and a BGA accountant had received a bonus payment. According to payroll records, the Manager of Administration received a \$1,347.21 bonus payment on December 16, 2008, and the BGA accountant received a bonus of 883.69 on November 20, 2008.

Board policies document a process through which individual employee job performance will be formally reviewed and may influence any wage or salary adjustments. According to the Directors, an annual performance review is performed and supervisors are given a range in which they may provide a pay raise. The range is calculated by the Director of Administration and Finance.

Board policies do not address the payment of bonuses and as such the Board provides no direct guidelines on the appropriateness or maximum amounts of such payments.

Vacation leave is accrued for BGA employees up to certain limits based on the number of years an employee has in continuous employment. The policy states, “Should an employee’s number of accrued vacation hours exceed the limits shown above, the number will automatically be reduced in accordance with those limits without compensation for the hours lost.”

A separate vacation policy is established for Directors. According to the personnel policies, Director level employees will be credited with vacation leave on July 1st of each year. If a Director has less than five years of service 120 hours are credited, five to 10 years 160 hours, and 10 or more 200 hours of vacation leave are credited. The policy further states, “[s]hould a Director’s balance exceed 200 hours on July 1st, at the discretion of the Executive Director, the Director may carry the hours forward for six (6) months or accept a pay out of those hours exceeding 200, as of July 1st each year.”

Although the board has established these separate policies, the Executive Director approved the payout of vacation time to the Manager of Administration. According to internal BGA correspondence, the former Executive Director refers to the Manager of Administration as part of the “core management team” and as such he allowed her to reap benefits the policy intended to be received only by the Directors.

The Manager of Administration received her first vacation payment on June 27, 2003, in the amount of \$1,582.00. From June 27, 2003 through June 27, 2008, we identified four vacation payments to the Manager of Administration totaling \$8,194.92, all in violation of BGA policies.

Findings and Recommendations

From January 2006 through December 2008, including taxes and withholdings, we calculate that BGA incurred a total cost of \$82,744.58 in vacation payments to its Directors and the Manager of Administration. We were informed that the former Executive Director documented only one day of vacation leave taken between July 1, 2006 and July 1, 2007 and therefore received vacation leave pay of \$17,539.20.

Recommendations

We recommend the Board examine the practice of awarding employee bonuses and vacation payouts. We recommend the Board establish a policy providing the criteria and guidelines for such payments and establish a formal process to document the purpose in the award and the approvals. We further recommend the action should be recorded in the personnel file of the BGA employee receiving the bonus payment.

We recommend the Board review its policy on the accrual of vacation leave for its employees and consider the significant amount of funds expended for this purpose. We recommend the Board consider eliminating the payouts to its Directors and align the policy for Directors with that of other employees.

Finding 17: Timing of payroll and sick leave payouts not in compliance with Board policies.

While examining select payroll documentation, we found inconsistencies in payroll payment dates. Board policies state, “[p]ayday normally occurs on every other Friday for hours worked during the two (2) week period ending the previous Sunday at 12:00 midnight.” According to the Human Resource Manager all BGA employees are to be paid on the same date.

The Human Resource Manager acknowledged that when requested, paychecks were given early to the former Director of Administration and Finance and the former Director of Operations; however, other employees could request consideration for early payment.

Paying an employee before the established pay day is not an acceptable business practice. It is in essence a loan to an employee, as the employee is paid for time not earned.

Regarding payment for excess sick leave, the policy states, “[e]ligible employees will receive a separate paycheck for this compensation during the first pay period in December.” However, while examining payroll records we found sick leave payments were at different times throughout the year. The payments typically fell around June and December of each year.

The Administrative Assistant in Human Resources acknowledged the discrepancy, stating that while they had historically made these payments in December each year, in accordance with the policy, the former Director of Administration and Finance had suggested they begin making payments twice a year to eligible employees as they may have a need for the payments.

Findings and Recommendations

Recommendations We recommend the Board immediately stop the practice of allowing an employee to receive a payroll check prior to the established payday.

We further recommend that the Board review its policy on payments of excess sick leave hours to eligible employees to determine a more cost effective policy that is beneficial to BGA and its employees.

Finding 18: The BGA Nepotism Policy was violated on at least three occasions.

During our review, we found that the Board's Nepotism Policy was violated. The Manager of Administration had two sons employed by BGA, and the former Director of Operations had a daughter employed by BGA. Further, these employees worked in the Departments overseen by their parents. The hiring of these three family members is a direct violation of the Board's Ethics Code and Conduct.

One son of the Manager of Administration, was hired on July 26, 2007, as an Information Assistant. According to the Manager of Human Resources, the former Executive Director approved the hiring because this was a difficult position to fill. According to his Employee Evaluation Form, his mother was his immediate supervisor. His starting salary was \$10.00 per hour. On September 9, 2008, his mother recommended that he should receive a 4 percent raise increase to \$10.40 per hour. The raise was retroactive to July 26, 2008. This was the date of his one-year anniversary. He was terminated during our examination.

Another son of the Manager of Administration, was hired on September 2, 2008, to work part-time at BGA's Information Booth. His salary was \$10.00 per hour and his mother was his immediate supervisor. He was also terminated during our examination.

A daughter of the former Director of Operations, was hired in BGA's Accounting Department on June 28, 2007, at a salary of \$8.00 per hour. On February 6, 2008, she was transferred to the Operations Department as a Dispatcher I and her salary was increased to \$10.00 per hour. Her father, being the former Director of Operations, was responsible for reviewing her salary increase to \$11.54 per hour effective July 1, 2008. The explanation on the Recommendation for Salary Change form stated, "Increase in salary ranges approved by LFUCAB." Her employment was also terminated during our examination.

Findings and Recommendations

According to the Board's Ethics Code and Conduct, no officer or employee shall advocate, recommend, or cause the employment, appointment, promotion, transfer or advancement of his or her own relative to an office or position of employment with the Lexington-Fayette Urban County Airport Board. Relatives are defined to include an officer's or employee's spouse, child, parents, siblings, grandparents, grandchildren, uncles, aunts, nephews, nieces, first cousins, step-mothers, step-fathers, sep-brothers/sisters, half-brothers/sisters, sisters/brothers-in-law, or mothers/fathers-in-law. Additionally, no officer or employee shall supervise or manage the work of a relative.

Recommendations We recommend that employees sign an acknowledgement form stating that they have received and understand the Board Ethics Code and Conduct. We further recommend the Board evaluate its current Ethics Code and Conduct policy to ensure it is up-to-date. We recommend the BGA Human Resources Manager report any issue regarding nepotism to the Board.

Finding 19: BGA control and oversight of Directors use of fuel was insufficient.

As part of the Directors' benefits, BGA paid for all operating costs associated with business and personal use of BGA vehicles. The operating costs include the expense for fuel purchases.

According to those interviewed and BGA financial records, fuel expenses can be incurred by the use of a BGA fuel credit card, a BGA credit card, employee reimbursement, or the use of an onsite fueling system. Because Directors may fuel their BGA vehicles by any of these methods, BGA must have a comprehensive means to monitor and control fuel usage.

Upon initiating this examination, we requested documentation relating to the usage of the onsite fueling system. It is our understanding that the system includes various controls including a dual key access, which requires both a key assigned to an individual and a key that is assigned to the vehicle. However, according to the former Director of Operations, BGA staff was not able to run a report from the onsite system by individual for analysis and the vendor would need to be contacted to instruct BGA staff on how to run such a report.

In addition to the onsite fuel system, BGA Directors can purchase fuel off site with both a credit card and a fuel credit card. Through review of fuel credit card statements auditors identified transactions that indicate more than one vehicle was fueled through the use of a BGA fuel card.

In one instance identified, the BGA fuel card issued to the former Director of Administration and Finance was used twice on Saturday May 10, 2008, in Mt. Sterling, KY at the same fueling location within a three-minute period. The first purchase was made at 12:58 for 26.961 gallons of unleaded gasoline; the second purchase was made at 13:01 for 6.471 gallons of unleaded gasoline. The total cost for these two purchases was \$123.68.

Findings and Recommendations

Finally, we considered purchases of fuel placed on regular BGA credit cards. The credit card statements and any supporting documentation of those purchases do not document details such as odometer reading or a vehicle ID number associated with the vehicle being fueled. There is no means to control purchases of fuel when placed on a regular credit card.

The risk that an individual may fuel a personal vehicle exists; however, BGA has increased this risk by affording its Directors many different means of fueling BGA vehicles. BGA is unable to ensure that the fuel purchases are reasonable in regards to the number of gallons purchased for a individual vehicle or that the vehicle being fueled is in fact an airport vehicle and not a personal vehicle.

A monthly analysis should be performed, encompassing all methods of purchases. The analysis should take into account all purchases of fuel for the month by each individual for each vehicle. This analysis would allow BGA to calculate the total fuel consumption of each vehicle. Through this process BGA will be able to more readily identify any discrepancies.

Recommendations

We recommend BGA review its policy regarding the purchase of fuel for Directors and consider providing a monthly allowance, allow fuel to be acquired only onsite, or determine some other means of providing more accountability over the use of fuel.

We recommend BGA perform a comprehensive analysis of fuel consumption for each vehicle on a monthly basis.

We also recommend BGA ensure its staff have adequate knowledge of the onsite fueling system to be able to produce reports to use in a monthly reconciliation process.

Finding 20: BGA had not developed comprehensive information technology policies.

During the examination of BGA, it was discovered that the Employee Policy and Procedures Manual does not provide comprehensive policies regarding an employee's responsibilities related to information system usage and security.

Further, policies did not explicitly define the responsibilities and expectations of employees related to the usage of information technology equipment and software or the logical security controls established surrounding applications used by the BGA.

Failure to implement formal policies related to the usage and control of information system equipment and applications increases the risk of unauthorized access or modification to computer programs and data, destruction or loss of assets, and interruption of services.

Findings and Recommendations

It is management's responsibility to ensure that all employees are aware of and comply with their roles and responsibilities in relation to information system assets and resources. Development and consistent application of information system policies and procedures provides continuity for policy implementation and sets the tone of management's concern for securing information system assets and resources. To strengthen security over BGA information system resources, a formal information system policy must be centrally and formally developed, distributed to all staff, implemented globally, and enforced consistently.

Recommendations We recommend BGA develop information system policies that explicitly define user responsibilities as they relate to information system resources and applications. These policies should cover, at a minimum:

- Securing of user id and password;
 - Protection against computer virus or mal-ware infection;
 - Legal notice at logon indicating system is to be used for authorized purposes only;
 - Securing unattended workstations; and,
 - Securing portable devices, such as laptops, Blackberries, cell phones, etc.
-

Finding 21: BGA computer equipment inventory listing did not capture essential information to adequately identify computer equipment.

Through inquiry and observation, it was determined that the inventory listing of BGA computer equipment did not capture essential information. The inventory listing did not contain sufficient, unique identifying information that would be necessary to validate that a specific equipment item was in the possession of BGA or to provide a claim against an insurance policy.

A review of the inventory listing showed that there were four basic types of equipment being recorded: desktop, laptop, server, and server appliance. There is currently no policy in place explicitly identifying the types of computer equipment or dollar threshold of a piece of equipment to be tracked as a fixed asset.

Inadequate inventory management increases the possibility of inventory loss. Improper inventory control could also result in either excessive or deficient insurance coverage and could increase the likelihood of an insurance claim dispute concerning covered equipment.

Adequate inventory records of computer equipment are necessary to ensure adequate insurance coverage for system assets. Accurate inventory records are also needed to support any possible claims for losses.

Findings and Recommendations

Recommendations We recommend that BGA develop a formal policy identifying what computer equipment items will be considered a fixed asset. Once this designation has been made, the existing inventory listing should be revised to include the following identifying information related to each piece of equipment:

- Description of equipment;
- Vendor name;
- Model number;
- Serial number;
- Acquisition date; and,
- Acquisition cost.

Further, a thorough review of all computer equipment owned by the Board should be performed to ensure that the inventory listing is complete and accurate. Any equipment anticipated to be held by BGA, but not found during the physical review of equipment, should be investigated and, if applicable, reported as a claim against the BGA insurance policy. Once the inventory listing has been validated, any acquisitions and dispositions of computer equipment that fall within the fixed asset policy should cause an appropriate update to the inventory listing.

Finding 22: Two Directors were made public safety officers and were issued handguns though not in compliance with BGA policy nor a requirement of the job descriptions.

During this examination, it was revealed that BGA's former Executive Director and the former Director of Administration and Finance were appointed as BGA public safety officers. Court records filed in Fayette County Clerk's office indicate that the former Director of Administration and Finance was appointed on July 8, 1987, and the former Executive Director was appointed on October 2, 1998. We were also informed that BGA issued handguns to these individuals.

The reason for this appointment is not known. The job descriptions for both the former Executive Director and the former Director of Administration and Finance does not indicate that either position had direct responsibility of being a police officer.

KRS 15.380 requires that airport safety and security officers be certified by the Kentucky Law Enforcement Council. According to the Chief Public Safety Officer, no records document that these individuals were certified or had been trained as a public safety officer. The basic requirements for the Public Safety Officer I position at BGA are that you must be at least 21 years of age, a U.S. citizen, possess a valid drivers license, be able to operate a motor vehicle, and possess a Commonwealth of Kentucky certification of a police officer.

Findings and Recommendations

The former Executive Director turned in his handgun after he was officially removed as a BGA public safety officer on August 9, 2000. According to BGA's Chief of Public Safety, the former Executive Director asked that the former Director of Administration and Finance be given the opportunity to purchase his handgun. On August 3, 2004, the former Director of Administration and Finance signed a statement that he purchased a .45 caliber semi-automatic pistol from BGA. This statement was also signed by the current Chief Public Safety Officer and the former Director of Operations. See statement at Exhibit 6. However, according to the Chief Public Safety Officer, on January 9, 2009, the former Director of Administration and Finance returned the handgun after his resignation and told the Chief of Public Safety that he had never paid for it. Additionally, it is not known whether the former Director of Administration and Finance was ever officially removed as a Board police officer.

Recommendations We recommend the Board ensure that the former Director of Administration and Finance has been officially removed as a Board police officer.

We recommend the Chief Public Safety Officer ensure that only qualified individuals responsible for public safety as part of their job requirements be made BGA safety officers.

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|------------------------------------|---------------------------|--------------------|
| 12/29/2005 | The Home Depot | \$149.42 | No Support |
| 1/6/2006 | Volcanos Lava Rock Café | \$42.10 | No Support |
| 1/6/2006 | WWW.Musicmatch.com | \$59.98 | No Support |
| 1/8/2006 | Oceanic Time Warner Cable | \$41.61 | No Support |
| 1/8/2006 | Pure Paradise | \$32.14 | No Support |
| 1/9/2006 | Superstore Amazon.com | \$21.50 | No Support |
| 1/10/2006 | Waipip Vllly Artworks LLC | \$926.95 | No Support |
| 1/12/2006 | Merrimans Market Café | \$44.29 | No Support |
| 1/12/2006 | Belgian Art Bruxelles | \$27.23 | No Support |
| 1/12/2006 | Finance Charge Transaction Fee | \$0.81 | No Support |
| 1/14/2006 | Hertz Rent-A-Car | \$742.83 | No Support |
| 1/14/2006 | Pure Paradise | \$98.28 | No Support |
| 1/15/2006 | Smarte Carte | \$3.00 | No Support |
| 1/15/2006 | Prince Hotels-Hapuna Bch | \$3,729.31 | No Support |
| 1/15/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 1/19/2006 | Clean Sweep Car Wash | \$12.00 | No Support |
| 1/20/2006 | Bellagio | \$408.75 | No Support |
| 1/23/2006 | Logan's Roadhouse | \$30.21 | No Support |
| 1/24/2006 | Finance Charge Transaction Fee | \$13.32 | No Support |
| 1/27/2006 | LondonTheatreDirec London GB | \$444.16 | No Support |
| 1/29/2006 | Kona Sharks Coffee | \$315.00 | No Support |
| 1/29/2006 | Kona Sharks Coffee | \$315.00 | No Support |
| 1/31/2006 | Kona Sharks Coffee | \$315.00 | No Support |
| 1/31/2006 | Thoroughbred Club of A | \$46.53 | No Support |
| 2/2/2006 | Hertz Rent-A-Car | \$120.35 | Inadequate Support |
| 2/2/2006 | Subway | \$5.62 | No Support |
| 2/3/2006 | The Marquette Hotel Minneapolis MN | \$234.88 | Hotel |
| 2/13/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 2/13/2006 | Radisson Hotels Kalamazoo MI | \$873.22 | Hotel |
| 2/19/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 2/20/2006 | BKSTN Retail Store | \$37.45 | No Support |
| 2/20/2006 | Sierra Trading Post Com | \$313.95 | No Support |
| 2/20/2006 | Great Wraps Atlanta GA | \$6.96 | Food |
| 2/22/2006 | Hudson News | \$73.26 | No Support |
| 2/22/2006 | HMSHOST | \$28.24 | No Support |
| 2/22/2006 | Bellagio Hotel & Casino | \$931.84 | No Support |
| 2/22/2006 | Bellagio Hotel & Casino | \$75.92 | No Support |
| 2/24/2006 | Hilton Hotels | \$441.50 | No Support |
| 2/24/2006 | Hilton Hotels | \$12.50 | No Support |
| 2/28/2006 | Finance Charge Purchases \$126.63 | \$126.63 | No Support |
| 3/1/2006 | Store.Palm.com | \$91.09 | No Support |
| 3/1/2006 | Superstore Amazon.com | \$21.72 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|--------------------------------------|---------------------------|--------------------|
| 3/3/2006 | Joseph Beth Booksellers Lexington KY | \$161.90 | Books |
| 3/4/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/6/2006 | JCS Enterprises Inc MKTG | \$80.00 | No Support |
| 3/6/2006 | Meijer Inc | \$1,908.92 | No Support |
| 3/6/2006 | Meijer Inc | -\$1,388.66 | No Support |
| 3/7/2006 | Bluegrass Council BSA | \$250.00 | No Support |
| 3/13/2006 | BHA Inc | \$35.00 | No Support |
| 3/14/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 3/15/2006 | TravelSmith Catalog | \$212.49 | No Support |
| 3/16/2006 | Hyatt Hotels Grand Atlanta GA | \$435.85 | Hotel |
| 3/17/2006 | American Assn Airport Exe | \$610.00 | No Support |
| 3/20/2006 | Central Parking System | \$5.00 | No Support |
| 3/20/2006 | Liquor Barn | \$251.48 | No Support |
| 3/20/2006 | Robert Welch Studi Internet | \$96.20 | No Support |
| 3/20/2006 | Finance Charge*Transaction Fee | \$2.68 | No Support |
| 3/23/2006 | Nathans Famous | \$7.73 | No Support |
| 3/23/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/23/2006 | Handmade in Vermont | \$91.00 | No Support |
| 3/23/2006 | Hertz Rent-A-Car | \$125.73 | Rental Car |
| 3/23/2006 | Hyatt Hotels Grand Atlanta GA | \$159.13 | Hotel |
| 3/24/2006 | American Assn Airport Exe | \$510.00 | No Support |
| 3/28/2006 | Thoroughbred Club of A | \$25.09 | No Support |
| 3/28/2006 | HGO* Mobile Digital Med | \$17.95 | No Support |
| 3/29/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 3/30/2006 | Late Fee | \$29.00 | No Support |
| 3/30/2006 | Finance Charge Purchases \$61.72 | \$61.72 | No Support |
| 3/30/2006 | Finance Charge Prev Cycle | -\$1.32 | No Support |
| 3/30/2006 | Previous Cycle | -\$29.00 | No Support |
| 3/31/2006 | Hertz Rent-A-Car | \$109.83 | No Support |
| 3/31/2006 | NGSI The Eyes Have It | \$134.04 | No Support |
| 3/31/2006 | TGI Fridays | \$35.97 | No Support |
| 3/31/2006 | Marriott Hotels | \$305.63 | No Support |
| 4/5/2006 | Singletary Ctr | \$142.00 | No Support |
| 4/7/2006 | The Keeneland Shop | \$40.28 | No Support |
| 4/7/2006 | The Keeneland Shop | \$232.14 | No Support |
| 4/7/2006 | Ky Artisan Center | \$436.19 | No Support |
| 4/8/2006 | Fayette Seed | \$113.20 | No Support |
| 4/8/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 4/8/2006 | Aramark Applebees Park | \$20.00 | No Support |
| 4/8/2006 | Aramark Applebees Park | \$36.00 | No Support |
| 4/8/2006 | Aramark Applebees Park | \$79.00 | No Support |
| 4/10/2006 | Kroger | \$104.14 | No Support |
| 4/11/2006 | The Keeneland Shop | \$40.28 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|-----------------------------------|---------------------------|--------------------|
| 4/11/2006 | Krispy Kreme Shop | \$58.49 | No Support |
| 4/14/2006 | Bluegrass Conservancy | \$150.00 | No Support |
| 4/14/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 4/14/2006 | Liquor Barn | \$223.21 | No Support |
| 4/19/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 4/23/2006 | Marriott | \$60.34 | No Support |
| 4/24/2006 | Island Hoppers #2 | \$833.99 | No Support |
| 4/24/2006 | USS Midway Jet Shop | \$363.72 | No Support |
| 4/24/2006 | Seaforth Downtown | \$329.20 | No Support |
| 4/26/2006 | Brooklyn Pizza | \$22.25 | No Support |
| 4/26/2006 | Hertz Rent-A-Car | \$431.93 | No Support |
| 4/26/2006 | Hyatt Hotels | \$1,987.69 | No Support |
| 4/27/2006 | Soapy Joes Car Wash | \$10.00 | No Support |
| 4/28/2006 | Aramark Applebees Park | \$54.00 | No Support |
| 4/28/2006 | The Equestrian Shoppe | \$58.29 | No Support |
| 4/29/2006 | Walkabout Farm | \$238.50 | No Support |
| 5/2/2006 | Firenze Seta Srl Forzi Firenze IT | \$212.95 | No Support |
| 5/2/2006 | Finance Charge * Transaction Fee | \$6.38 | No Support |
| 5/3/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/4/2006 | Fayette Seed | \$179.57 | No Support |
| 5/6/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 5/9/2006 | Fayette Seed | \$94.08 | No Support |
| 5/10/2006 | Woodford Reserve Distillery | \$125.77 | No Support |
| 5/10/2006 | Stash Tea Company | \$139.29 | No Support |
| 5/11/2006 | Liquor Barn | \$619.88 | No Support |
| 5/12/2006 | Best Buy | \$240.56 | No Support |
| 5/12/2006 | Joseph Beth Booksellers | \$486.99 | No Support |
| 5/13/2006 | Superstore Amazon.com | \$19.05 | No Support |
| 5/14/2006 | Superstore Amazon.com | \$16.92 | No Support |
| 5/14/2006 | WP*Applied Strateg Sutton GB | \$499.40 | No Support |
| 5/14/2006 | *Finance Charge* Transaction Fee | \$14.98 | No Support |
| 5/15/2006 | OBS Die Cast Planes | \$150.00 | No Support |
| 5/15/2006 | Karen Brown's Guides | \$100.00 | No Support |
| 5/15/2006 | CablesMarti | \$210.00 | No Support |
| 5/17/2006 | Old Kentucky Chocolates | \$19.39 | No Support |
| 5/18/2006 | Joseph Beth Booksellers | -\$296.49 | No Support |
| 5/19/2006 | Soapy Joes Car Wash | \$10.00 | No Support |
| 5/23/2006 | Capital Grille | \$124.85 | No Support |
| 5/23/2006 | Hotel Washington F&B | \$27.27 | No Support |
| 5/23/2006 | Airport Chauffeurs Internet GB | \$369.59 | No Support |
| 5/24/2006 | McDonalds | \$4.93 | No Support |
| 5/24/2006 | Hyatt Hotels | \$9.90 | No Support |
| 5/24/2006 | Hyatt Hotels | \$400.60 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|-----------------------------------|---------------------------|--|
| 5/24/2006 | Bkstn Retail Store | \$106.00 | No Support |
| 5/24/2006 | Ten Penh | \$221.23 | No Support |
| 5/25/2006 | Regatta Seafood | \$42.67 | No Support |
| 5/26/2006 | Best Buy | \$451.45 | No Support |
| 5/28/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/30/2006 | Late Fee | \$39.00 | No Support |
| 5/30/2006 | Finance Charge Purchases \$145.25 | \$145.25 | No Support |
| 5/30/2006 | Encore Tickets LTD | \$259.96 | No Support |
| 5/30/2006 | London Trabs Tom Hight Street | \$41.82 | No Support |
| 5/30/2006 | Café Rouge Kensington | \$26.03 | No Support |
| 5/31/2006 | Finance Charge * Transaction Fee | \$11.08 | No Support |
| 5/31/2006 | Finance Charge * Transaction Fee | \$7.79 | No Support |
| 5/31/2006 | Finance Charge * Transaction Fee | \$1.25 | No Support |
| 5/31/2006 | Finance Charge * Transaction Fee | \$0.78 | No Support |
| 5/31/2006 | Argyll Arms | \$22.47 | No Support |
| 5/31/2006 | Finance Charge * Transaction Fee | \$0.67 | No Support |
| 6/1/2006 | Trend & Culture Events London SWS | \$32.62 | No Support |
| 6/1/2006 | Finance Charge * Transaction Fee | \$0.97 | No Support |
| 6/3/2006 | HMS Host-Ord Airpt | \$32.95 | No Support |
| 6/3/2006 | The Copthorne Tara | \$1,363.75 | No Support |
| 6/3/2006 | Finance Charge * Transaction Fee | \$40.91 | No Support |
| 6/3/2006 | WDFE Heathrow GB | \$20.70 | No Support |
| 6/3/2006 | Finance Charge * Transaction Fee | \$0.62 | No Support |
| 6/3/2006 | TGI Fridays | \$25.43 | No Support |
| 6/3/2006 | Finance Charge * Transaction Fee | \$0.76 | No Support |
| 6/4/2006 | Hertz Rent-A-Car | \$142.90 | No Support |
| 6/9/2006 | Historic Sales | \$85.85 | No Support |
| 6/10/2006 | Lowes | \$190.33 | No Support |
| 6/11/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/12/2006 | Sierra Trading Post Com | \$89.90 | No Support |
| 6/13/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 6/20/2006 | Travelocity Hotel Reserv | \$199.26 | No Support |
| 6/22/2006 | Ramada Inn Airport | \$73.06 | No Support |
| 6/23/2006 | Aramark Applebees Park | \$113.00 | No Support |
| 6/23/2006 | Aramark Applebees Park | \$290.70 | No Support |
| 6/25/2006 | Dallas Arboretum Botanicals | \$47.00 | No Support |
| 6/27/2006 | Delaney Vineyards Inc | \$126.44 | No Support; Documented on the Board of Director's Monthly Report |
| 6/28/2006 | Hertz Rent-A-Car | \$464.68 | No Support |
| 7/2/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 7/3/2006 | Best Buy | \$826.23 | No Support |
| 7/3/2006 | Meijer | \$117.99 | No Support |
| 7/4/2006 | WP-Applied Strateg Sutton GB | -\$105.15 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|-----------------------------------|---------------------------|--------------------|
| 7/5/2006 | Four Season Hotel | \$13.44 | No Support |
| 7/8/2006 | Finance Charge * Transaction Fee | \$0.40 | No Support |
| 7/8/2006 | Four Season Hotel | \$78.17 | No Support |
| 7/8/2006 | Finance Charge * Transaction Fee | \$2.34 | No Support |
| 7/9/2006 | Four Season Hotel | \$44.35 | No Support |
| 7/9/2006 | Finance Charge * Transaction Fee | \$1.33 | No Support |
| 7/9/2006 | Four Season Hotel | \$4.03 | No Support |
| 7/9/2006 | Finance Charge * Transaction Fee | \$0.12 | No Support |
| 7/12/2006 | Renaissance Prag Hotel Praha CZ | \$1,331.87 | Hotel |
| 7/12/2006 | Finance Charge * Transaction Fee | \$39.95 | Transaction Fee |
| 7/16/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 7/25/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 7/28/2006 | Wolfgang Puck | \$46.38 | No Support |
| 7/29/2006 | Rock Center | \$106.27 | No Support |
| 7/29/2006 | Angelo's Pizza | \$52.80 | No Support |
| 7/30/2006 | Roc New York | \$89.12 | No Support |
| 7/31/2006 | Finance Charge Purchases \$105.19 | \$105.19 | No Support |
| 7/31/2006 | Helmsley Hotel Park Lane | \$839.17 | No Support |
| 7/31/2006 | Liquor Barn | \$859.69 | No Support |
| 8/3/2006 | The Keeneland Shop | \$526.82 | No Support |
| 8/3/2006 | DR* CyberScrub Privacy | \$69.44 | No Support |
| 8/5/2006 | Krispy Kreme Shop | \$50.26 | No Support |
| 8/5/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 8/5/2006 | Aramark Applebees Park | \$439.00 | No Support |
| 8/8/2006 | Marriott | \$267.65 | No Support |
| 8/8/2006 | Marriott | \$20.00 | No Support |
| 8/9/2006 | Liquor Barn | \$132.33 | No Support |
| 8/11/2006 | Papa Johns | \$36.00 | No Support |
| 8/11/2006 | Gander Mountain | \$193.65 | No Support |
| 8/11/2006 | Air Zoo | \$1,043.14 | No Support |
| 8/12/2006 | Crystal Carwash | \$8.00 | No Support |
| 8/14/2006 | Radisson Hotels Kalamazoo MI | \$368.28 | Hotel |
| 8/15/2006 | Jeff's Car Wash | \$15.99 | No Support |
| 8/17/2006 | Joseph-Beth Booksellers | \$141.92 | No Support |
| 8/18/2006 | Krispy Kreme Shop | \$55.50 | No Support |
| 8/18/2006 | Best Buy Mht | \$182.31 | No Support |
| 8/19/2006 | Dick's Clothing & Sporting | \$394.24 | No Support |
| 8/20/2006 | Party City | \$70.68 | No Support |
| 8/21/2006 | University Club of Kentucky | \$248.04 | No Support |
| 8/21/2006 | Soapy Joes Car Wash | \$10.00 | No Support |
| 8/23/2006 | Dick's Clothing & Sporting | \$121.87 | No Support |
| 8/23/2006 | Aramark Applebees Park | \$79.00 | No Support |
| 8/23/2006 | Liquor Barn | \$250.50 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|--|---------------------------|--------------------|
| 8/24/2006 | Dicks Sporting Goods | \$426.70 | No Support |
| 8/25/2006 | Sheraton Apt Reception | \$340.96 | No Support |
| 8/25/2006 | Finance Charge *Transaction Fee | \$10.22 | No Support |
| 8/25/2006 | Liquor Barn | \$43.78 | No Support |
| 8/28/2006 | Dawahare's | \$120.78 | No Support |
| 8/29/2006 | Kilberns | \$5.00 | No Support |
| 8/30/2006 | Late Fee | \$39.00 | No Support |
| 8/30/2006 | Finance Charge Purchases \$97.47 | \$97.47 | No Support |
| 9/3/2006 | Hotel Buschhausen AACHEN DF | \$403.13 | No Support |
| 9/3/2006 | Finance Fee *Transaction Fee | \$12.09 | No Support |
| 9/4/2006 | Parking Crowne Plaza | \$11.58 | No Support |
| 9/4/2006 | Finance Fee *Transaction Fee | \$0.34 | No Support |
| 9/4/2006 | OP Brussels Airport | \$319.73 | No Support |
| 9/6/2006 | Clean Sweep on Broadway | \$12.00 | No Support |
| 9/6/2006 | Sheraton Apt Reception Brussels Credit | -\$339.91 | Hotel Credit |
| 9/7/2006 | Superstore Amazon.com | \$54.08 | No Support |
| 9/7/2006 | Superstore Amazon.com | \$34.54 | No Support |
| 9/20/2006 | Jin Jin | \$55.47 | No Support |
| 9/21/2006 | Best Buy | \$123.97 | No Support |
| 9/21/2006 | Joseph-Beth Booksellers | \$89.94 | No Support |
| 9/23/2006 | HobbyTown USA | \$221.37 | No Support |
| 9/23/2006 | Circuit City | \$180.18 | No Support |
| 9/26/2006 | Hotel Washington F&B | \$19.17 | No Support |
| 9/26/2006 | Hotel Washington F&B | \$24.35 | No Support |
| 9/27/2006 | Capital Grille | \$311.10 | No Support |
| 9/28/2006 | Hotel Washington F&B | \$68.64 | No Support |
| 9/29/2006 | Agbonze Taxi Services | \$45.00 | No Support |
| 9/29/2006 | Marriott JW DC | \$1,173.74 | No Support |
| 9/30/2006 | Hyatt Hotels Grand | \$831.42 | No Support |
| 9/30/2006 | PNL* Access Any Place | \$5.95 | No Support |
| 10/3/2006 | Marriott | \$134.66 | No Support |
| 10/4/2006 | Jeff's Car Wash | \$18.00 | No Support |
| 10/5/2006 | SYM*Symantec | \$52.99 | No Support |
| 10/5/2006 | Annual Fee 10/06 Through 09/07 | \$30.00 | No Support |
| 10/6/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 10/7/2006 | Toys R Us | \$381.34 | No Support |
| 10/11/2006 | The Keeneland Shop | \$970.91 | No Support |
| 10/13/2006 | Paradies Cincinnati | \$150.65 | No Support |
| 10/13/2006 | HMSHost | \$8.03 | No Support |
| 10/13/2006 | Legal Sea Foods | \$37.23 | No Support |
| 10/15/2006 | Nathans Famous | \$5.58 | No Support |
| 10/15/2006 | New Orleans Int'l Airport | \$11.37 | No Support |
| 10/15/2006 | Hotel Intercontinental | \$269.12 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|----------------------------------|---------------------------|--------------------|
| 10/18/2006 | Best Buy | \$519.98 | No Support |
| 10/19/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 10/19/2006 | Superstore Amazon.com | \$10.84 | No Support |
| 10/19/2006 | Superstore Amazon.com | \$19.67 | No Support |
| 10/19/2006 | Superstore Amazon.com | \$166.39 | No Support |
| 10/19/2006 | Liquor Barn | \$267.80 | No Support |
| 10/19/2006 | Liquor Barn | \$169.18 | No Support |
| 10/20/2006 | BKSTN Retail Store | \$37.10 | No Support |
| 10/21/2006 | Esculap-teo Dubrovnr | \$93.59 | No Support |
| 10/21/2006 | Finance Charge *Transaction Fee | \$2.80 | No Support |
| 10/22/2006 | PBZTESCULAPTED Siroka | \$55.49 | No Support |
| 10/22/2006 | Finance Charge *Transaction Fee | \$1.66 | No Support |
| 10/25/2006 | PBZTTMobileHotSpot Zagreb HR | \$10.32 | No Support |
| 10/25/2006 | Finance Charge *Transaction Fee | \$0.30 | No Support |
| 10/26/2006 | PBZITmobileHotSpot Zagreb HR | \$10.32 | No Support |
| 10/26/2006 | Finance Charge *Transaction Fee | \$0.30 | No Support |
| 10/26/2006 | Thoroughbred Club of A KY | \$150.00 | No Support |
| 10/27/2006 | PBZTAtgentina Hotel | \$1,473.59 | No Support |
| 10/27/2006 | Finance Charge *Transaction Fee | \$44.20 | No Support |
| 10/29/2006 | Meijer Inc | \$285.42 | No Support |
| 11/1/2006 | WCSpanaceasales.com | \$61.35 | No Support |
| 11/1/2006 | Finance Charge * Transaction Fee | \$1.84 | No Support |
| 11/1/2006 | Online Order | \$259.41 | No Support |
| 11/1/2006 | Finance Charge * Transaction Fee | \$7.78 | No Support |
| 11/2/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 11/3/2006 | American Assn Airport Exec | \$130.00 | No Support |
| 11/7/2006 | Amazon.com | \$75.48 | No Support |
| 11/8/2006 | Webroot Software | \$10.60 | No Support |
| 11/9/2006 | Jeff's Car Wash | \$18.00 | No Support |
| 11/13/2006 | HMS Host-Ord Airpt #2 | \$11.21 | No Support |
| 11/17/2006 | Jeff's Car Wash | \$18.00 | No Support |
| 11/24/2006 | Jeff's Car Wash | \$18.00 | No Support |
| 11/29/2006 | Late Fee | \$39.00 | No Support |
| 11/29/2006 | Finance Charge | \$160.11 | No Support |
| 12/3/2006 | Soapy Joes Car Wash | \$12.00 | No Support |
| 12/8/2006 | Longboat Key Club | \$460.00 | No Support |
| 12/8/2006 | Jeff's Car Wash | \$12.00 | No Support |
| 12/8/2006 | Liquor Barn | \$132.69 | No Support |
| 12/13/2006 | The Hay Adams Hotel | \$335.44 | No Support |
| 12/14/2006 | Chamber of Commerce | \$1,575.00 | No Support |
| 12/15/2006 | Soapy Joes Car Wash | \$7.00 | No Support |
| 12/26/2006 | Macy's | \$423.99 | No Support |
| 12/27/2006 | Soapy Joes Car Wash | \$10.00 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|----------------------------------|---------------------------|--------------------|
| 12/28/2006 | Azur Restaurant | \$42.03 | No Support |
| 12/28/2006 | Hyatt Hotels Kauai | \$550.00 | Inadequate Support |
| 12/29/2006 | Finance Charge Purchases \$27.66 | \$27.66 | No Support |
| 12/29/2006 | Liquor Barn | \$661.85 | No Support |
| 1/6/2007 | Keoki's Paradise | \$149.01 | No Support |
| 1/6/2007 | Honolua Surf | \$54.17 | No Support |
| 1/8/2007 | Gaylord's at Kilohana | \$95.61 | No Support |
| 1/11/2007 | Poupu Tropical Burger | \$50.55 | No Support |
| 1/11/2007 | Hyatt Hotels Kauai | \$2,600.66 | Inadequate Support |
| 1/13/2007 | Just Live Inc | \$330.20 | No Support |
| 1/16/2007 | Smarte Carte | \$3.00 | No Support |
| 1/22/2007 | Orbitz.com | \$2,147.65 | No Support |
| 1/22/2007 | John Asguagua's Nugget Sparks | \$136.19 | No Support |
| 1/22/2007 | IHOP | \$21.91 | No Support |
| 1/24/2007 | PayPal | \$91.48 | No Support |
| 1/24/2007 | Hyatt Hotels Grand | \$534.65 | No Support |
| 1/24/2007 | Hyatt Hotels Grand | \$77.41 | No Support |
| 1/25/2007 | Wendy's Frankfort KY | \$9.28 | No Support |
| 1/25/2007 | Kentucky Car Wash | \$8.00 | No Support |
| 1/27/2007 | Lowe's | \$897.82 | No Support |
| 1/27/2007 | Expedia Travel | \$1,195.28 | No Support |
| 1/28/2007 | Lowe's | -\$897.82 | No Support |
| 1/31/2007 | Krispy Kreme Shop | \$47.54 | No Support |
| 2/1/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 2/1/2007 | Harbor Sweets | \$287.10 | No Support |
| 2/2/2007 | Nathan's Famous | \$7.80 | No Support |
| 2/5/2007 | Chart Hse Longboat Key | \$62.52 | No Support |
| 2/6/2007 | Expedia*Travel | -\$298.82 | No Support |
| 2/6/2007 | Expedia*Travel | -\$298.82 | No Support |
| 2/7/2007 | Hertz Rent-A-Car | \$143.40 | No Support |
| 2/7/2007 | Longboat Key Club | \$19.59 | No Support |
| 2/7/2007 | Longboat Key Club | \$843.04 | No Support |
| 2/8/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 2/8/2007 | Marriott | \$372.09 | No Support |
| 2/9/2007 | Beef O Lowes | \$17.73 | No Support |
| 2/14/2007 | Brooklyn Pizza | \$24.07 | No Support |
| 2/15/2007 | KCSOFTLLC.COM | \$9.95 | No Support |
| 2/16/2007 | Sharper Image.com | \$153.48 | No Support |
| 2/16/2007 | Bose Corporation | \$222.49 | No Support |
| 2/16/2007 | Jeff's Car Wash | \$18.00 | No Support |
| 2/16/2007 | Marriott | \$26.65 | No Support |
| 2/16/2007 | Portofino's | \$32.45 | No Support |
| 2/19/2007 | Hobbytown USA | \$4,140.79 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------|---------------------------|--------------------|
| 2/19/2007 | Tyler Tool Co Inc | \$386.55 | No Support |
| 2/22/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 2/27/2007 | Hyatt Hotels | \$361.53 | No Support |
| 2/28/2007 | Hyatt Hotels | \$64.83 | No Support |
| 2/28/2007 | Hyatt Hotels | \$26.00 | No Support |
| 2/28/2007 | Hyatt Hotels | -\$13.38 | No Support |
| 3/5/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/8/2007 | Orbitz.com | \$1,152.10 | No Support |
| 3/8/2007 | Orbitz.com | \$1,022.82 | No Support |
| 3/8/2007 | Orbitz.com Credit | -\$2,122.65 | No Support |
| 3/10/2007 | ALS | \$9.75 | No Support |
| 3/13/2007 | Thoroughbred Club KY | \$51.24 | No Support |
| 3/18/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/19/2007 | Genesis Worldwide Ente | \$48.72 | No Support |
| 3/20/2007 | USA People Search | \$14.95 | No Support |
| 3/20/2007 | USA People Search | \$39.95 | No Support |
| 3/20/2007 | USA People Search | \$39.95 | No Support |
| 3/20/2007 | PeopleFinders.com | \$39.95 | No Support |
| 3/22/2007 | Garrett Wade Co | \$311.00 | No Support |
| 3/23/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/23/2007 | Pacific Miniatures | \$294.00 | No Support |
| 3/26/2007 | Kroger | \$59.05 | No Support |
| 3/30/2007 | Soapy Joes Car Wash | \$18.00 | No Support |
| 4/5/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 4/5/2007 | Aramark Applebees Park | \$161.00 | No Support |
| 4/11/2007 | Nathan's Famous | \$8.01 | No Support |
| 4/11/2007 | Tucson International Airp | \$44.87 | No Support |
| 4/12/2007 | Loews Hotels Ventana | \$730.43 | No Support |
| 4/18/2007 | Aramark Applebees Park | \$135.00 | No Support |
| 4/20/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 4/22/2007 | The Keeneland Shop | \$121.90 | No Support |
| 4/23/2007 | Brooklyn Pizza | \$28.75 | No Support |
| 4/23/2007 | Central Parking Systems | \$3.00 | No Support |
| 4/23/2007 | Liquor Barn | \$476.19 | No Support |
| 4/28/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/2/2007 | Hyatt Regency | \$739.05 | No Support |
| 5/4/2007 | Jeff's Car Wash | \$21.00 | No Support |
| 5/4/2007 | Logan's Roadhouse | \$20.00 | No Support |
| 5/6/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 5/9/2007 | NWA Air | \$60.00 | No Support |
| 5/11/2007 | OMNI Hotels Berkshire PLC | \$7.04 | No Support |
| 5/11/2007 | OMNI Hotels Berkshire PLC | \$672.36 | No Support |
| 5/13/2007 | HMS Host | \$8.03 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|-----------------------------------|---------------------------|--------------------|
| 5/13/2007 | Hyatt Regency | \$468.47 | No Support |
| 5/17/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/20/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/26/2007 | Nicholsons Pub | \$34.91 | No Support |
| 5/26/2007 | Nicholsons Pub | \$50.00 | No Support |
| 5/27/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 5/30/2007 | Finance Charge Purchases \$48.61 | \$48.61 | No Support |
| 5/31/2007 | Penzeys Spices | \$750.53 | No Support |
| 6/1/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/6/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/7/2007 | Joseph Beth Booksellers | \$144.84 | No Support |
| 6/9/2007 | Executive Limos Inc | \$102.00 | No Support |
| 6/11/2007 | Open Top Sightseeing Wash | \$80.00 | No Support |
| 6/11/2007 | ESPN Zone Wash. Rest. | \$62.87 | No Support |
| 6/12/2007 | Indigo Landing | \$135.24 | No Support |
| 6/13/2007 | Sea Catch Restaurant | \$159.65 | No Support |
| 6/14/2007 | Foodbrand Cinci N KY APT | \$7.41 | No Support |
| 6/14/2007 | Hyatt Hotels Grand | \$2,286.95 | No Support |
| 6/16/2007 | Registered Traveler Flyclear.com | \$199.90 | No Support |
| 6/17/2007 | Marriott | \$24.04 | No Support |
| 6/17/2007 | Marriott | \$46.16 | No Support |
| 6/18/2007 | Gattitown | \$50.00 | No Support |
| 6/18/2007 | Gattitown | \$25.00 | No Support |
| 6/18/2007 | Gattitown | \$50.00 | No Support |
| 6/18/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/19/2007 | The Black Tulip LLC | \$127.06 | No Support |
| 6/19/2007 | Stubhub, Inc | \$795.75 | No Support |
| 6/19/2007 | Stubhub, Inc | \$790.75 | No Support |
| 6/20/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/21/2007 | Verizon Wrls | \$31.79 | No Support |
| 6/22/2007 | Amazon.com | \$63.90 | No Support |
| 6/22/2007 | Amazon.com | \$55.00 | No Support |
| 6/22/2007 | Aramark Applebees Park | \$279.00 | No Support |
| 6/25/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 6/26/2007 | Marriott | \$20.36 | No Support |
| 6/26/2007 | Marriott | \$44.15 | No Support |
| 6/27/2007 | Reunion.com Inc. | \$35.00 | No Support |
| 6/27/2007 | Reunion.com Inc. | \$1.00 | No Support |
| 7/4/2007 | Best Buy | \$147.32 | No Support |
| 7/4/2007 | Panera Bread | \$14.45 | No Support |
| 7/5/2007 | BKSTN Retail Store | \$37.45 | No Support |
| 7/6/2007 | Total-Bab-Station Grevenbroich DF | \$26.72 | No Support |
| 7/9/2007 | Dorint Htl Quellenhof AACHEN DF | \$986.49 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|--------------------------------------|---------------------------|--------------------|
| 7/9/2007 | Shell 3685 Mendig DF | \$48.14 | No Support |
| 7/10/2007 | Der Loewenbraeu Koeln DF | \$24.30 | No Support |
| 7/10/2007 | Der Loewenbraeu Koeln DF | \$4.12 | No Support |
| 7/12/2007 | Intercontinental Hotel Dusseldorf DF | \$1,607.96 | No Support |
| 7/18/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 7/20/2007 | Marriott | \$48.80 | No Support |
| 7/20/2007 | Marriott | \$75.55 | No Support |
| 7/24/2007 | L'enfant Plaza Hotel | \$26.95 | No Support |
| 7/27/2007 | L'enfant Plaza Hotel | \$1,372.69 | No Support |
| 7/30/2007 | Finance Charge Purchases \$127.31 | \$208.21 | No Support |
| 7/30/2007 | Liquor Barn | \$347.18 | No Support |
| 7/31/2007 | Aramark Braves Retail Mer | \$68.00 | No Support |
| 8/2/2007 | Hyatt Hotels Grand | \$1,021.99 | No Support |
| 8/3/2007 | BWI* ????? Wireless | \$7.95 | No Support |
| 8/8/2007 | BestBuy.com | \$400.64 | No Support |
| 8/8/2007 | Aramark Applebees Park | \$381.00 | No Support |
| 8/10/2007 | Stubhub, Inc | \$337.55 | No Support |
| 8/11/2007 | HMS Host | \$30.99 | No Support |
| 8/11/2007 | Delta Winnipeg Front Desk | \$461.46 | No Support |
| 8/11/2007 | Muddy Waters | \$13.29 | No Support |
| 8/11/2007 | HMSHost | \$18.19 | No Support |
| 8/13/2007 | Joseph-Beth Booksellers | \$10.55 | No Support |
| 8/13/2007 | Jeff's Car Wash | \$18.00 | No Support |
| 8/13/2007 | Hertz Rent-A-Car | \$70.69 | No Support |
| 8/17/2007 | Applebees | \$27.10 | No Support |
| 8/17/2007 | Best Buy Mht | \$695.69 | No Support |
| 8/18/2007 | UK Singletary Center | \$306.50 | No Support |
| 8/18/2007 | Leather Inc | \$551.71 | No Support |
| 8/19/2007 | Borders Airpor | \$31.79 | No Support |
| 8/19/2007 | Borders Airpor | \$10.55 | No Support |
| 8/20/2007 | Moka Loka Pulkovo Kiev | \$15.13 | No Support |
| 8/21/2007 | N5102501 Retseptoria | \$37.14 | No Support |
| 8/22/2007 | TicketNow Ticket Agency | \$75.81 | No Support |
| 8/22/2007 | Angleterre sorsalino | \$137.43 | No Support |
| 8/22/2007 | Camelot restoran | \$88.52 | No Support |
| 8/24/2007 | Khristofor Kolumb | \$10.90 | No Support |
| 8/24/2007 | La Strada | \$68.54 | No Support |
| 8/24/2007 | Finance Charges and Fees | \$29.86 | No Support |
| 8/27/2007 | Zebra | \$93.59 | No Support |
| 8/29/2007 | R1134001 Demianova UHA | \$245.72 | No Support |
| 8/30/2007 | Astoria Reception | \$53.22 | No Support |
| 8/30/2007 | Astoria Reception | \$5,856.02 | No Support |
| 8/30/2007 | Duty Free & Travel Value | \$298.12 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|------------------------------------|---------------------------|--------------------|
| 8/30/2007 | Steigenberger Flugha | \$13.80 | No Support |
| 8/30/2007 | Steigenberger Flugha | \$2.05 | No Support |
| 8/30/2007 | Hilton Hotels Adv Dep | \$352.17 | No Support |
| 9/1/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 9/5/2007 | Tmobile Hot Spot | \$9.99 | No Support |
| 9/7/2007 | Money Magazine | \$39.95 | No Support |
| 9/8/2007 | Soapy Joes Car Wash | \$10.00 | No Support |
| 9/9/2007 | Hotdog Construction Co. | \$6.35 | No Support |
| 9/9/2007 | Diamond 1649 Shamrock | \$29.51 | No Support |
| 9/10/2007 | Tucson Botanical Gardens | \$20.00 | No Support |
| 9/11/2007 | Basha's | \$45.85 | No Support |
| 9/11/2007 | Basha's | \$18.98 | No Support |
| 9/12/2007 | Hertz Rent-A-Car | \$345.79 | No Support |
| 9/12/2007 | Paradies | \$107.41 | No Support |
| 9/12/2007 | Paradies | \$143.23 | No Support |
| 9/12/2007 | Paradies | -\$143.23 | No Support |
| 9/12/2007 | Loews Hotels Mini Bar | \$97.20 | No Support |
| 9/12/2007 | Tucson International Airp | \$14.31 | No Support |
| 9/12/2007 | Tucson International Airp | \$14.31 | No Support |
| 9/12/2007 | Tucson International Airp | -\$14.31 | No Support |
| 9/13/2007 | Harbor View Restaurant | \$45.68 | No Support |
| 9/13/2007 | Homeworx | \$86.37 | No Support |
| 9/13/2007 | Loews Hotels Ventana | \$1,931.14 | No Support |
| 9/14/2007 | Harbor View Restaurant | \$34.87 | No Support |
| 9/14/2007 | Country Inn & Suites | \$111.42 | No Support |
| 9/15/2007 | Lowes | \$317.10 | No Support |
| 9/15/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 9/19/2007 | DRI*Symantec Generio www.myord.com | \$39.99 | No Support |
| 9/26/2007 | Subway | \$6.97 | No Support |
| 9/26/2007 | Paradies Cincinnati | \$380.96 | No Support |
| 9/26/2007 | Hyatt Hotels Intl Airport | \$529.78 | No Support |
| 9/27/2007 | Truecredit | \$20.90 | No Support |
| 9/27/2007 | Identity Guard | \$19.99 | No Support |
| 9/28/2007 | Finance Charge Purchase \$211.74 | \$408.59 | No Support |
| 9/28/2007 | Jeff's Car Wash | \$18.00 | No Support |
| 10/3/2007 | Amazon.com | \$14.14 | No Support |
| 10/4/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 10/5/2007 | Annual Fee | \$30.00 | No Support |
| 10/6/2007 | Sym*Symantecnortnrenwl | \$52.99 | No Support |
| 10/9/2007 | Amazon.com | \$17.05 | No Support |
| 10/10/2007 | Astoria Reception | \$1,969.02 | No Support |
| 10/10/2007 | Finance Charge | \$59.07 | No Support |
| 10/14/2007 | Soapy Joes Car Wash | \$10.00 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------|---------------------------|--------------------|
| 10/16/2007 | Garmin International | \$94.99 | No Support |
| 10/18/2007 | Pacmin | \$242.00 | No Support |
| 10/19/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 10/20/2007 | Webroot Software | \$42.35 | No Support |
| 10/20/2007 | Amazon.com | \$10.78 | No Support |
| 10/20/2007 | Krispy Kreme | \$30.11 | No Support |
| 10/21/2007 | University of Kentucky | \$39.00 | No Support |
| 10/21/2007 | University of Kentucky | \$410.00 | No Support |
| 10/21/2007 | Amazon.com | \$159.68 | No Support |
| 10/22/2007 | Lowe's | \$342.49 | No Support |
| 10/22/2007 | AMZ.Amazon Payments | \$264.96 | No Support |
| 10/23/2007 | Hyatt Hotels & Resorts | \$665.58 | No Support |
| 10/24/2007 | Lowe's | \$1,003.82 | No Support |
| 10/24/2007 | Delta Air | \$20.00 | No Support |
| 10/24/2007 | BostonLimousine.com | \$102.00 | No Support |
| 10/25/2007 | Fuddrucker's | \$11.31 | No Support |
| 10/25/2007 | Airport Wrls Palm East | \$115.38 | No Support |
| 10/27/2007 | TrueCredit | \$14.95 | No Support |
| 10/28/2007 | Soapy Joes Car Wash | \$7.00 | No Support |
| 10/31/2007 | Hamgo | \$760.70 | No Support |
| 11/1/2007 | Identity Guard | -\$19.99 | No Support |
| 11/1/2007 | Hotdog City | \$10.24 | No Support |
| 11/2/2007 | USEPPA Inn and Dock | \$35.00 | No Support |
| 11/3/2007 | HMSHost | \$10.00 | No Support |
| 11/3/2007 | HMS Host | \$23.00 | No Support |
| 11/4/2007 | Hyatt Hotels & Resorts | \$25.00 | No Support |
| 11/6/2007 | Heavenly Ham | \$150.25 | No Support |
| 11/6/2007 | Jeff's Car Wash | \$18.00 | No Support |
| 11/7/2007 | Kroger | \$4.28 | No Support |
| 11/8/2007 | Xplanet, LLC | \$669.42 | No Support |
| 11/9/2007 | Walmart.com | \$663.00 | No Support |
| 11/14/2007 | Paypal | \$317.00 | No Support |
| 11/16/2007 | The Keeneland Shop | \$147.34 | No Support |
| 11/17/2007 | Soapy Joes Car Wash | \$10.00 | No Support |
| 11/19/2007 | HMSHost CLT Airpt | \$9.40 | No Support |
| 11/27/2007 | TrueCredit | \$14.95 | No Support |
| 11/27/2007 | USAirways | \$510.00 | No Support |
| 11/28/2007 | Finance Charges and Fees | \$125.19 | No Support |
| 11/28/2007 | Smarte Carte | \$3.00 | No Support |
| 12/6/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 12/10/2007 | AAA-Renaissance Concourse | \$3.00 | No Support |
| 12/11/2007 | Nathan's Famous Atlanta | \$8.21 | No Support |
| 12/11/2007 | Soapy Joes Car Wash | \$12.00 | No Support |

**Former Executive Director
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------|---------------------------|--------------------|
| 12/11/2007 | Paypal | \$272.89 | No Support |
| 12/12/2007 | Renaissance Hotels | \$377.01 | No Support |
| 12/13/2007 | Hobbytown USA | \$1,007.01 | No Support |
| 12/14/2007 | Dinkels Mail Order | \$120.75 | No Support |
| 12/14/2007 | Harry and David | \$104.23 | No Support |
| 12/15/2007 | Hobbytown USA | \$215.48 | No Support |
| 12/15/2007 | Logans | \$63.84 | No Support |
| 12/15/2007 | Amazon.com | \$48.66 | No Support |
| 12/15/2007 | Amazon.com | \$33.90 | No Support |
| 12/17/2007 | Amazon.com | \$21.68 | No Support |
| 12/18/2007 | Kansas City Steak Co | \$1,218.10 | No Support |
| 12/19/2007 | UK Singletary Center | \$96.00 | No Support |
| 12/19/2007 | Sheraton Hotel Gunter | \$962.48 | No Support |
| 12/20/2007 | UK Singletary Center | \$64.00 | No Support |
| 12/20/2007 | Liquor Barn | \$327.13 | No Support |
| 12/24/2007 | Soapy Joes Car Wash | \$12.00 | No Support |
| 12/24/2007 | Lowes | \$810.11 | No Support |
| 12/27/2007 | Burgers Smokehouse | \$106.65 | No Support |
| 12/27/2007 | TrueCredit | \$14.95 | No Support |
| 12/28/2007 | Finance Chgs and Fees | \$106.94 | No Support |
| 1/2/2008 | 4X4 Books | \$266.76 | No Support |
| 1/3/2008 | BVO-Inter Isle | \$53.10 | No Support |
| 1/4/2008 | Time Warner Oceanic Cable | \$41.61 | No Support |
| 1/4/2008 | Seafood Bar | \$59.06 | No Support |
| 1/5/2008 | Paniolo Country Inn | \$36.73 | No Support |
| 1/5/2008 | Hawaiian AI | \$5.00 | No Support |
| 1/6/2008 | Paniolo Adventures | \$267.00 | No Support |
| 1/7/2008 | Café Pesto | \$60.00 | No Support |
| 1/7/2008 | Seafood Bar | \$51.50 | No Support |
| 1/11/2008 | Seafood Bar | \$50.08 | No Support |
| 1/11/2008 | LBD Coffee LLC | \$242.00 | No Support |
| 1/12/2008 | Akatsuka Orchid Gardens | \$231.70 | No Support |
| 1/13/2008 | Hilo Intl Arpt Rest | \$32.26 | No Support |
| 1/13/2008 | Kuaiwi Farm | \$377.90 | No Support |
| 1/14/2008 | Wilson's Leather | \$654.64 | No Support |
| 1/14/2008 | Nathan's Fmous D | \$8.21 | No Support |
| 1/14/2008 | Smarte Carte | \$3.00 | No Support |
| 1/14/2008 | Smarte Carte | \$2.00 | No Support |
| 1/14/2008 | APW/Palm Electronics | \$64.18 | No Support |
| 1/16/2008 | UK Singletary Center | \$114.50 | No Support |
| 1/16/2008 | PayPal | \$69.95 | No Support |
| 1/16/2008 | Amazon.com | \$422.94 | No Support |
| 1/16/2008 | LBD Coffee LLC | \$730.50 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------|---------------------------|--------------------|
| 1/16/2008 | Hwn -Tropical-Flowers.com | \$257.60 | No Support |
| 1/16/2008 | Hwn -Tropical-Flowers.com | \$174.99 | No Support |
| 1/17/2008 | 1st Class Cigar | \$47.51 | No Support |
| 1/17/2008 | 1st Class Cigar | \$129.00 | No Support |
| 1/18/2008 | TicketNetwork Direct | \$741.80 | No Support |
| 1/19/2008 | Kuaiwi Farm | \$377.90 | No Support |
| 1/19/2008 | TM*One Night of Queen | \$135.65 | No Support |
| 1/20/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 1/21/2008 | United States Equestrian | \$185.00 | No Support |
| 1/27/2008 | True Credit | \$14.95 | No Support |
| 1/28/2008 | Executive Inn | \$411.15 | No Support |
| 1/28/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 1/29/2008 | PayPal | -\$10.00 | No Support |
| 1/30/2008 | Thoroughbred Club | \$36.63 | No Support |
| 1/31/2008 | Strauss Tobacconist | \$88.45 | No Support |
| 2/6/2008 | Waipio Vily Artworks LLC | -\$850.01 | No Support |
| 2/9/2008 | Jeff's Car Wash | \$15.99 | No Support |
| 2/9/2008 | La Havana | \$43.62 | No Support |
| 2/9/2008 | Logans | \$49.88 | No Support |
| 2/9/2008 | HMSHost | \$9.68 | No Support |
| 2/11/2008 | The Ritz Carlton Lake LV | \$39.28 | No Support |
| 2/11/2008 | The Ritz Carlton Lake LV | \$1,310.54 | No Support |
| 2/11/2008 | Geneva Luxury Access | \$362.00 | No Support |
| 2/14/2008 | Jeff's Car Wash | \$12.00 | No Support |
| 2/18/2008 | Best Buy | \$635.82 | No Support |
| 2/19/2008 | Liquor Barn | \$474.71 | No Support |
| 2/23/2008 | Nathan's Famous | \$6.40 | No Support |
| 2/24/2008 | Waxy O'Connors Irish P | \$28.84 | No Support |
| 2/24/2008 | Delta Air | \$863.00 | No Support |
| 2/27/2008 | Hertz Rent-A-Car | \$474.86 | No Support |
| 2/27/2008 | True Credit | \$14.95 | No Support |
| 2/27/2008 | Alamo Microbrewery | \$13.50 | No Support |
| 2/27/2008 | United Air | \$650.00 | No Support |
| 2/28/2008 | Sheraton Hotel Gunter | \$186.72 | No Support |
| 2/29/2008 | Villa Pizza | \$7.45 | No Support |
| 2/29/2008 | Nathan's Famous | \$6.40 | No Support |
| 3/1/2008 | Marriott | \$608.08 | No Support |
| 3/4/2008 | Marriott | \$18.10 | No Support |
| 3/6/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/11/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/11/2008 | Liquor Barn | \$1,331.43 | No Support |
| 3/14/2008 | Logans | \$13.86 | No Support |
| 3/14/2008 | Logans | \$43.65 | No Support |

**Former Executive Director
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------------|---------------------------|--|
| 3/16/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 3/24/2008 | Logans | \$195.39 | No Support |
| 3/25/2008 | ViennaTicketOnline.com | \$1,368.54 | No Support |
| 3/25/2008 | Finance Charge | \$41.05 | No Support |
| 3/27/2008 | Truecredit | \$14.95 | No Support |
| 3/27/2008 | ViennaTicketOnline.com | -\$86.76 | No Support |
| 3/28/2008 | SinBad's | \$50.82 | No Support |
| 3/29/2008 | Hertz Rent-A-Car | \$270.46 | No Support |
| 3/29/2008 | Perry's | \$19.78 | No Support |
| 3/30/2008 | Westin Hotels | \$1,033.08 | No Support |
| 3/30/2008 | Westin Hotels | \$7.20 | No Support |
| 4/1/2008 | ViennaTicketOnline.com | -\$4.68 | No Support |
| 4/1/2008 | ViennaTicketOnline.com | \$82.79 | No Support |
| 4/1/2008 | Finance Charge | \$2.48 | No Support |
| 4/4/2008 | Test Medical Symptoms | \$204.24 | No Support |
| 4/4/2008 | Test Medical Symptoms | \$115.79 | No Support |
| 4/6/2008 | Soapy Joes Car Wash | \$10.00 | No Support |
| 4/9/2008 | The Keeneland Shop | \$996.40 | No Support |
| 4/10/2008 | Smarte Carte | \$3.00 | No Support |
| 4/11/2008 | BTMA | \$15.00 | No Support |
| 4/16/2008 | Jeff's Car Wash | \$24.00 | No Support |
| 4/20/2008 | Bkstin Retail Store | \$74.90 | No Support |
| 4/20/2008 | Delta Air | \$300.00 | No Support |
| 4/22/2008 | Reno | \$5.89 | No Support |
| 4/22/2008 | Hertz Rent-A-Car | \$135.88 | No Support |
| 4/22/2008 | McDonalds | \$4.98 | No Support |
| 4/24/2008 | Bkstin Retail Store | \$26.75 | No Support |
| 4/26/2008 | Paulusstube | \$32.85 | No Support |
| 4/26/2008 | Finance Charge | \$0.98 | No Support |
| 4/26/2008 | Café Rest Residenz | \$20.49 | No Support |
| 4/26/2008 | Finance Charge | \$0.61 | No Support |
| 4/27/2008 | TrueCredit | \$14.95 | No Support |
| 4/28/2008 | Strandcafe Gruenberger | \$36.48 | No Support |
| 4/28/2008 | Landgasthof Zurlinde Laaben Bat | \$39.01 | No Support |
| 4/30/2008 | Finance Charge *Transaction Fee | \$1.09 | No Support |
| 4/30/2008 | Finance Charge *Transaction Fee | \$1.17 | No Support |
| 4/30/2008 | Finance Charge *Transaction Fee | \$2.30 | No Support |
| 5/2/2008 | Intercontinental Vienna | \$3,744.06 | No Support |
| 5/2/2008 | Finance Charge *Transaction Fee | \$112.32 | No Support |
| 5/5/2008 | Delta-1800DutyFree Bay | \$249.00 | No Support; Also Reimbursed on a Check Request |
| 5/6/2008 | BPC | \$52.03 | No Support |
| 5/7/2008 | Jeffs Car Wash | \$18.00 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|------------------------------------|---------------------------|--------------------|
| 5/11/2008 | Michaels | \$1,084.01 | No Support |
| 5/27/2008 | TrueCredit | \$14.95 | No Support |
| 5/29/2008 | Late Fee | \$39.00 | No Support |
| 5/29/2008 | Finance Charge *Transaction Fee | \$86.67 | No Support |
| 6/9/2008 | Austin-Bergstrom Intl ARP | \$6.27 | No Support |
| 6/12/2008 | Hilton Hotels | \$1,725.69 | No Support |
| 6/12/2008 | Hilton Hotels | \$80.39 | No Support |
| 6/12/2008 | Fayette Seed | \$85.05 | No Support |
| 6/13/2008 | Hilton Hotels | \$75.00 | No Support |
| 6/15/2008 | Shell Oil | \$99.82 | No Support |
| 6/15/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 6/19/2008 | Best Buy | \$648.95 | No Support |
| 6/19/2008 | Soapy Joes | \$12.00 | No Support |
| 6/19/2008 | Lowes | \$499.25 | No Support |
| 6/20/2008 | Lexington Legends | \$31.00 | No Support |
| 6/23/2008 | Soapy Joes | \$6.00 | No Support |
| 6/24/2008 | KFC | \$34.72 | No Support |
| 6/24/2008 | Lowes | \$300.20 | No Support |
| 6/25/2008 | Marriott | \$12.00 | No Support |
| 6/27/2008 | Finance Charge | \$74.91 | No Support |
| 6/27/2008 | KHPF Farmhouse | \$57.22 | No Support |
| 6/27/2008 | Reunion.com, Inc | \$36.00 | No Support |
| 6/27/2008 | TrueCredit | \$14.95 | No Support |
| 7/2/2008 | KHPF Farmhouse | \$58.03 | No Support |
| 7/7/2008 | Jeff's Car Wash | \$18.00 | No Support |
| 7/9/2008 | Wash Natl Airport | \$10.79 | No Support |
| 7/11/2008 | Sam Adams DC Brewhouse | \$27.86 | No Support |
| 7/11/2008 | The Hay Adams | \$156.48 | No Support |
| 7/14/2008 | The Hay Adams | \$297.70 | No Support |
| 7/19/2008 | Hudson News | \$13.90 | No Support |
| 7/21/2008 | Cottonwood De Tucson | \$102.30 | No Support |
| 7/21/2008 | Sanctuary on Camelback | \$245.10 | No Support |
| 7/27/2008 | TrueCredit | \$14.95 | No Support |
| 7/30/2008 | Finance Charge *Purchases \$101.90 | \$101.90 | No Support |
| 8/27/2008 | TrueCredit | \$14.95 | No Support |
| 8/28/2008 | Late Fee | \$39.00 | No Support |
| 8/28/2008 | Finance Fee | \$67.77 | No Support |
| 8/28/2008 | Soapy Joes Car Wash | \$8.00 | No Support |
| 9/3/2008 | Norton Annual Renewal | \$42.39 | No Support |
| 9/4/2008 | Money Magazine | \$39.95 | No Support |
| 9/5/2008 | Trans Siberian Orc | \$213.20 | No Support |
| 9/13/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 9/20/2008 | Soapy Joes Car Wash | \$10.00 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|---------------------------------|---------------------------|--------------------|
| 9/23/2008 | Sierra Trading Post.com | \$291.80 | Inadequate Support |
| 9/24/2008 | Jeff's Car Wash | \$18.00 | No Support |
| 9/27/2008 | TrueCredit | \$14.95 | No Support |
| 10/1/2008 | Delta Air | \$300.00 | No Support |
| 10/3/2008 | The Keeneland Shop | \$59.36 | No Support |
| 10/6/2008 | Norton Annual Renewal | \$52.99 | No Support |
| 10/7/2008 | Annual Fee | \$30.00 | No Support |
| 10/9/2008 | Clean Sweep on Broadway | \$27.99 | No Support |
| 10/9/2008 | The Keeneland Shop | \$40.28 | No Support |
| 10/14/2008 | Liquor Barn | \$138.11 | No Support |
| 10/15/2008 | Soapy Joes Car Wash | \$8.00 | No Support |
| 10/16/2008 | The Keeneland Shop | \$100.70 | No Support |
| 10/16/2008 | PayPal | \$59.95 | No Support |
| 10/17/2008 | Kroger | \$107.78 | No Support |
| 10/18/2008 | Soapy Joes Car Wash | \$8.00 | No Support |
| 10/18/2008 | Clear Reg Traveler Flyclear.com | \$675.00 | No Support |
| 10/21/2008 | PayPal | \$175.00 | No Support |
| 10/22/2008 | KHPF Farmhouse | \$12.50 | No Support |
| 10/22/2008 | Webroot software, inc | \$42.35 | No Support |
| 10/24/2008 | Amazon.com | \$53.41 | No Support |
| 10/24/2008 | Day Timers Inc | \$189.90 | No Support |
| 10/25/2008 | Sportsmans Wearhouse | \$388.70 | No Support |
| 10/27/2008 | TrueCredit | \$14.95 | No Support |
| 10/28/2008 | PayPal | \$160.00 | No Support |
| 10/29/2008 | Meijer Inc | \$81.84 | No Support |
| 10/29/2008 | Jeff's Car Wash | \$18.00 | No Support |
| 10/30/2008 | Coffee Times | \$152.41 | No Support |
| 11/6/2008 | Krispy Kreme | \$21.90 | No Support |
| 11/8/2008 | Soapy Joes Car Wash | \$8.00 | No Support |
| 11/12/2008 | Best Buy | \$823.20 | No Support |
| 11/12/2008 | Ph Advance Deposit | \$1,088.91 | No Support |
| 11/13/2008 | Soapy Joes Car Wash | \$8.00 | No Support |
| 11/15/2008 | Dantanna's | \$22.63 | No Support |
| 11/16/2008 | Hertz Rental Car | \$210.40 | No Support |
| 11/17/2008 | Renaissance Hotels | \$469.80 | No Support |
| 11/18/2008 | Amazon.com | \$80.44 | DVD's |
| 11/19/2008 | Thoroughbred Club of Amer | \$53.94 | No Support |
| 11/19/2008 | Jeff's Car Wash | \$24.36 | No Support |
| 11/20/2008 | The Keeneland Shop | \$127.20 | No Support |
| 11/20/2008 | The Keeneland Shop | \$16.96 | No Support |
| 11/20/2008 | The Keeneland Shop | \$407.04 | No Support |
| 11/20/2008 | Aluron-Cases.com | \$88.00 | No Support |
| 11/21/2008 | Best Buy | \$52.99 | No Support |

**Former Executive Director
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description |
|-------------------------|------------------------------|---------------------------|--------------------|
| 11/27/2008 | TrueCredit | \$14.95 | No Support |
| 11/28/2008 | Late Fee | \$39.00 | No Support |
| 11/28/2008 | Finance Charge | \$48.19 | No Support |
| 12/1/2008 | Malone's | \$15.48 | No Support |
| 12/4/2008 | Thoroughbred Club of America | \$17.31 | No Support |
| 12/5/2008 | Liquor Barn | \$243.97 | No Support |
| 12/7/2008 | Soapy Joes Car Wash | \$12.00 | No Support |
| 12/9/2008 | Malone's Harry's | \$32.88 | No Support |
| 12/12/2008 | Jeff's Car Wash | \$18.00 | No Support |
| 12/27/2008 | Truecredit | \$14.95 | No Support |

Total Questionable Expenditures: \$152,763.25

**Former Executive Director
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Check Date | Description |
|-------------------------|-----------------------------|---------------------------|-------------------|---|
| 2/18/2006 | Delta | \$1,848.50 | 4/21/2006 | Airline Ticket; No Documentation Stating Purpose |
| 2/22/2006 | HMS Host Prickly Pear | \$23.24 | 3/24/2006 | Food |
| 2/22/2006 | HMS Host Burger King | \$4.72 | 3/24/2006 | Food |
| 2/24/2006 | Brooklyn Pizza | \$40.27 | 3/24/2006 | Food |
| 2/28/2006 | Great Wraps | \$6.96 | 3/24/2006 | Food |
| 4/19/2006 | American Airlines | \$181.85 | 4/21/2006 | Airline Ticket; No Documentation Stating Purpose |
| 4/28/2006 | Meijer | \$39.20 | 12/14/2006 | 2 DVDs |
| 6/8/2006 | Andover Golf & Country Club | \$550.71 | 7/28/2006 | Cart Fees, Green Fees, Food for "BGA/TSA Outing" Handwritten |
| 6/23/2006 | Delta | \$329.60 | 10/13/2006 | Airline Ticket; No Documentation Stating Purpose |
| 7/18/2006 | Olympica | \$372.30 | 10/13/2006 | Airline Ticket; No Documentation Stating Purpose |
| 7/21/2006 | Office Depot | \$57.05 | 7/28/2006 | Scissors, Ruler, Pen, Card Cases |
| 8/7/2006 | Various | \$159.40 | 8/11/2006 | Taxi Services and Food |
| 8/19/2006 | Evans Firearms Archery | \$74.18 | 9/15/2006 | Firearms Merchant; however, no detail provided to determine the exact items purchased |
| 8/22/2006 | | \$19.00 | 9/15/2006 | Car Cleaning Supplies |
| 8/24/2006 | The Sporting Tradition | \$321.66 | 10/13/2006 | Clothing Merchant; however, no detail provided to determine the exact items purchased |
| 9/27/2006 | Chart House | \$62.88 | 10/13/2006 | Food; No Detail Provided |
| 12/8/2006 | Best Buy | \$100.64 | 12/14/2006 | DVDs including Scooby Doo Double Feature, Annapolis, Ladder 49, E.T., and Pirates of the Caribbean. |
| 12/11/2006 | Amazon.com | \$72.84 | 12/14/2006 | DVDs and Computer Software. Includes: Home Alone 2, Home Alone, and Devil Wears Prada, etc |
| 12/11/2006 | Amazon.com | \$16.93 | 12/27/2006 | DVD - Home Alone 3 |
| 12/11/2006 | Amazon.com | \$52.90 | 2/16/2007 | DVDs - This is a duplicate reimbursement for DVDs reimbursed previously through check no. 69671 |
| 12/12/2006 | Charley's Grilled Subs | \$6.83 | 12/14/2006 | Food |
| 12/19/2006 | Macy's | \$265.00 | 12/27/2006 | Waterford |
| 12/21/2006 | Amazon.com | \$16.93 | 2/16/2007 | DVD: Home Alone 3 |
| 2006 | Insight | \$86.56 | 7/28/2006 | Home Internet Service for June and July 2006 |
| 2006 | Insight | \$43.28 | 10/13/2006 | Home Internet Service for Sept. 2006 |
| 2006 | Insight | \$129.84 | 12/14/2006 | Home Internet Service for Sept., Oct. and Nov. 2006 (Duplicate reimbursement for Sept 2006) |
| 1/4/07 - 1/11/07 | | \$93.60 | 2/16/2007 | 2007 AAAE Issues Conference. All charges were placed on BGA accounts, no reimbursement due to employee. Employee placed personal expenses on BGA Accounts. Individual owes \$319.41 to BGA for personal charges and the amount of this reimbursement. |

**Former Executive Director
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Check Date | Description |
|-------------------------|--------------------|---------------------------|-------------------|---|
| 1/31/2007 | Amazon.com | \$63.21 | 2/16/2007 | DVDs |
| 1/31/2007 | Amazon.com | \$55.18 | 2/16/2007 | DVD |
| 2/2/2007 | Amazon.com | \$63.56 | 2/16/2007 | DVDs |
| 2/7/2007 | Amazon.com | \$68.83 | 2/16/2007 | DVDs |
| 2/7/2007 | Nathan's Famous | \$7.80 | 3/9/2007 | Food |
| 2/12/2007 | Amazon.com | \$120.72 | 2/16/2007 | DVDs |
| 2/14/2007 | Best Buy | \$161.98 | 2/16/2007 | Satellite Radio, kit and dash mount |
| 2/14/2007 | Best Buy | \$79.97 | 2/16/2007 | Movie, Flight Deck 4 (game), Aircraft Power Pack for MS (Game), and Hard Rock Casino |
| 2/14/2007 | Best Buy | \$44.97 | 2/16/2007 | 8 function remote, Ultimate Flight Collection (Game) |
| 2/28/2007 | Nathan's Famous | \$5.65 | 3/9/2007 | Food |
| 3/8/2007 | Home Goods | \$81.17 | 3/9/2007 | Stationary, Frames and Storage |
| 3/9/2007 | Bobux USA (online) | \$35.50 | 4/13/2007 | Infant Shoes plus Priority Shipping |
| 3/17/2007 | Fitness Systems | \$1,000.00 | 3/22/2007 | 1/3rd of cost for Cross Trainer Equipment; Purchased for Personal Use |
| 3/25/2007 | Meijer | \$42.90 | 4/13/2007 | DVD |
| 3/30/2007 | Best Buy | \$15.57 | 4/13/2007 | DVD |
| 4/24/2007 | Meijer | \$76.93 | 5/18/2007 | DVDs |
| 5/9/2007 | Unknown | \$45.00 | 9/28/2007 | Taxi Service; Blank Card With Amount Written On It |
| 5/10/2007 | All American Food | \$5.50 | 9/28/2007 | Food |
| 6/21/2007 | Verizon | \$144.41 | 8/10/2007 | Items purchased are unknown; however, purchase is described as Cell phone Headsets and Computer on check request form |
| 6/29/2007 | Various | \$367.77 | 6/29/2007 | Taxi Service and Food |
| 8/3/2007 | Unknown | \$574.32 | 9/7/2007 | Unknown |
| 8/8/2007 | Amazon.com | \$24.35 | 10/31/2007 | Unknown |
| 8/13/2007 | Leather, Inc | \$586.13 | 8/17/2007 | Computer Bag |
| 8/13/2007 | Leather, Inc | \$586.13 | 10/31/2007 | Computer Bag - Duplicate of previous expense paid through check no. 71823 |
| 9/2/2007 | Delta | \$1,342.60 | 9/27/2007 | Airline Ticket; No Documentation Stating Purpose |
| 9/20/2007 | Delta Air | \$842.60 | 9/28/2007 | Airline Ticket; No Documentation Stating Purpose |
| 10/30/2007 | Chase Plaza Garage | \$3.00 | 10/31/2007 | Parking |
| 12/1/2007 | eLighters.com | \$425.57 | 12/14/2007 | Unknown - Purchase made online through tobacco retailer and shipped to personal residence. |
| 12/5/2007 | Amazon.com | \$89.09 | 12/14/2007 | 5 CDs plus shipping and handling for other items which are believed to be personal purchases. |
| 2006-2007 | Insight | \$86.62 | 2/16/2007 | Home Internet Service for Dec. 2006 and Jan. 2007 |
| 2007 | Insight | \$43.34 | 3/9/2007 | Home Internet Service for Feb 2007 |
| 2007 | Insight | \$42.34 | 3/22/2007 | Home Internet Service for Mar. 2007 |

**Former Executive Director
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|---------------------------|-------------------|--|
| 2007 | Insight | \$86.68 | 6/29/2007 | Home Internet Service for Apr. and May 2007 |
| 2007 | Insight | \$86.70 | 8/10/2007 | Home Internet Service for June and July 2007 |
| 2007 | Insight | \$125.70 | 10/31/2007 | Home Internet Service for Aug, Sept and Oct. 2007 |
| 1/08-5/08 | Various | \$202.46 | 9/12/2008 | Miscellaneous Items including DVDs. DVD reimbursement is a duplicate of an expense previously reimbursed through Check No. 74740 |
| 2/10/2008 | Meijers | \$19.95 | 4/17/2008 | DVD |
| 3/1/2008 | Washington National Opera | \$650.00 | 3/7/2008 | Contribution to Opera House |
| 3/10/2008 | Stub Hub | \$663.15 | 3/28/2008 | 4 Tickets to Florida Marlins at Atlanta Braves |
| 3/10/2008 | Stub Hub Inc | \$663.15 | 4/17/2008 | March 10, 2008 Ticket Purchase. Duplicate of previous expense paid through check no. 73847 |
| 3/16/2008 | Unknown | \$250.69 | 3/28/2008 | Miscellaneous items including: playdoh eggs, tattoo eggs, Easter grass, seeds, batteries, wall hangers, door stop, etc |
| 3/21/2008 | Amazon.com | \$45.53 | 4/17/2008 | Described as Special Events on check request form |
| 3/22/2008 | Horse Park | \$1,100.00 | 3/28/2008 | unknown |
| 3/26/2008 | AAA Allied Group Inc | \$10.60 | 4/17/2008 | Passport Photos |
| 4/2/2008 | Smart Travels TV | \$215.60 | 7/3/2008 | Travel products |
| 4/7/2008 | Meijers | \$19.95 | 4/17/2008 | DVD |
| 5/2/2008 | Delta Airlines, Inc | \$249.00 | 5/16/2008 | Unknown - Receipt indicates that this was a duty free sale and that the charge was placed on an airport credit card. |
| 5/2/2008 | Yellow and Wildcat Cabs | \$50.00 | 5/16/2008 | Taxi Service |
| 5/9/2008 | Amazon | \$60.37 | 7/3/2008 | DVDs |
| 5/10/2008 | Schwabs Pipes N Stuff | \$1,146.46 | 5/16/2008 | Unknown; however, vendor sales tobacco products |
| 10/08-11/08 | Meijer | \$63.59 | 12/8/2008 | Youth Bow Set |
| 10/25/2008 | Meijer | \$84.79 | 10/31/2008 | Coffee Urn |
| 10/25/2008 | Unknown | \$29.66 | 10/31/2008 | Duster & DVD |
| 2007-2008 | Insight | \$179.80 | 3/28/2008 | Home Internet Service for Nov. 2007, Dec. 2007, and Jan. and Feb. 2008 |
| 2008 | Insight | \$125.70 | 7/3/2008 | Home Internet Service for April, May and June 2008 |
| 2008 | Insight | \$83.80 | 9/12/2008 | Home Internet Service for Aug. and Sept. 2008 |
| 2008 | Insight | \$88.83 | 12/8/2008 | Home Internet Service for Oct. and Nov. 2008 |
| Unknown | Unknown | \$266.71 | 2/10/2006 | Unknown |
| Unknown | Unknown | \$600.00 | 5/12/2006 | Described as Andover CC per Check Stub |
| Unknown | Unknown | \$86.56 | 5/12/2006 | Home Internet Service |
| Unknown | Unknown | \$300.00 | 8/11/2006 | Unknown - Described as "Marketing Legend Boosters" on check request form |
| Unknown | Unknown | \$39.70 | 10/13/2006 | No Documentation; Hand Written Note Stating "Copy paper" |
| Unknown | Unknown | \$226.00 | 10/13/2006 | Taxi Services |
| Unknown | Unknown | \$3,133.83 | 3/2/2007 | Unknown |

**Former Executive Director
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Check Date | Description |
|-------------------------|-----------------|---------------------------|-------------------|--|
| Unknown | Unknown | \$127.80 | 4/13/2007 | Alcohol and Cigars |
| Unknown | Executive Coach | \$50.00 | 9/28/2007 | Transportation |
| Unknown | Liquor Barn | \$125.66 | 11/8/2007 | Items purchased are unknown - Purchase made at Liquor Barn |
| Unknown | Joseph Beth | \$115.35 | 11/8/2007 | Items purchased are unknown - Purchases made at Joseph Beth |
| Unknown | Multiple | \$1,213.34 | 11/16/2007 | Items purchased are unknown - Described as Fall Fest Expenses - Children's Gifts |
| Unknown | unknown | \$173.48 | 2/15/2008 | Unknown |
| Unknown | unknown | \$1,372.35 | 2/15/2008 | Unknown |
| Unknown | Unknown | \$21.19 | 12/8/2008 | Movie |
| Records not found | Unknown | \$46.77 | 1/4/2006 | Internet |
| Records not found | Unknown | \$43.28 | 1/20/2006 | Internet |
| Records not found | Unknown | \$371.83 | 3/3/2006 | Listed as MKTG: Misc. Equipment |
| Records not found | Unknown | \$43.28 | 3/24/2006 | Internet |
| Records not found | Unknown | \$382.53 | 4/3/2006 | Listed as Computer Equipment, Movies |
| Records not found | Unknown | \$43.28 | 4/14/2006 | Internet |
| Records not found | Unknown | \$790.43 | 4/14/2006 | Listed as Garden/Berea/DVD/Cats |
| Unknown | Unknown | \$8.00 | 12/14/2006 | Taxi Service; Card With Amount Written On It |
| Unknown | Unknown | \$6.00 | 12/14/2006 | Taxi Service; Card With Amount Written On It |
| Unknown | Unknown | \$10.00 | 12/14/2006 | Taxi Service; Card With Amount Written On It |
| Unknown | Unknown | \$20.00 | 12/14/2006 | Taxi Service; Card With Amount Written On It |
| Unknown | Unknown | \$498.57 | 12/14/2006 | Described as Holiday Gathering - Special Events on check request form |

Total Questionable or Unsupported Expenditures: 28,527.68

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------------------|---------------------------|-----------------------|--------------------------------------|
| 1/6/2006 | Max & Erma's - Lexington | \$33.05 | Meals | Receipt - Insufficient Documentation |
| 1/10/2006 | Pennyrile Travel Hopkinsville | \$300.00 | Unknown | No Supporting Documentation |
| 1/13/2006 | Ramsey's - Lexington | \$70.00 | BGS - PS | Receipt - Insufficient Documentation |
| 1/23/2006 | Malone's - East Point, GA | \$135.00 | Meals | Receipt - Insufficient Documentation |
| 1/27/2006 | Nadine's - Lexington | \$27.00 | Meals | Receipt - Insufficient Documentation |
| 1/30/2006 | Ramsey's - Lexington | \$48.00 | Meals | Receipt - Insufficient Documentation |
| 2/1/2006 | Boathouse at the Hyatt Hotel | \$39.74 | Meals | Receipt - Insufficient Documentation |
| 2/12/2006 | Denny's - Kalamazoo, MI | \$41.87 | Meals | Receipt - Insufficient Documentation |
| 2/24/2006 | Big 5 Sporting Goods - Sparks, NV | \$85.88 | 2 Pair of Shoes | Receipt - Rhodes Approval on Receipt |
| 2/24/2006 | D'Andrea Golf Club - Sparks, NV | \$30.00 | Unknown | Receipt - Insufficient Documentation |
| 2/25/2006 | The Paradies Shop - Reno, NV | \$31.24 | Gum, Cap, Fleece Crew | Receipt - States for Supplies |
| 3/3/2006 | Ramsey's - Lexington | \$38.00 | Meals | Receipt - Insufficient Documentation |
| 3/4/2006 | Marriott - Atlanta, GA | \$50.00 | Unknown | No Supporting Documentation |
| 3/10/2006 | Max & Erma's - Lexington | \$40.00 | BGA Admin | Receipt - Insufficient Documentation |
| 3/14/2006 | Thoroughbred Club - Lexington | \$55.42 | BGA Admin | Receipt - Insufficient Documentation |
| 3/15/2006 | Thoroughbred Club - Lexington | \$65.27 | BGA Admin | Receipt - Insufficient Documentation |
| 3/17/2006 | Subway - Lexington | \$34.95 | Public Safety | Receipt - Insufficient Documentation |
| 3/21/2006 | O'Charley's - Lexington | \$46.00 | BGA Admin | Receipt - Insufficient Documentation |
| 3/27/2006 | Azur Restaurant - Lexington | \$53.00 | BGA Admin | Receipt - Insufficient Documentation |
| 4/8/2006 | Louisville Int'l Airport | \$84.00 | Unknown | Receipt - Insufficient Documentation |
| 4/13/2006 | Turf Catering/Keeneland - Lexington | \$286.72 | BGA | Receipt - Insufficient Documentation |
| 4/27/2006 | Ramsey's - Lexington | \$35.00 | BGA - Admin | Receipt - Insufficient Documentation |
| 5/1/2006 | Azur Restaurant - Lexington | \$108.00 | TSA - Safe Skies BGA | Receipt - Insufficient Documentation |
| 5/5/2006 | Beef O Brady's - Lexington | \$15.00 | Public Safety | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-----------------------------------|---------------------------|---------------------|--------------------------------------|
| 5/17/2006 | Collins Southland - Lexington | \$45.00 | Bowling Alley | Receipt - Insufficient Documentation |
| 5/22/2006 | Best Buy - Lexington | \$476.99 | 19" LCD TV | Receipt |
| 5/30/2006 | Great Harvest Bread - Lexington | \$14.85 | Admin | Receipt - Insufficient Documentation |
| 5/30/2006 | Beef O Brady's - Lexington | \$28.96 | BGA - Admin | Receipt - Insufficient Documentation |
| 6/1/2006 | El Chico - Lexington | \$33.00 | BGA - Maintenance | Receipt - Insufficient Documentation |
| 6/8/2006 | Hurstbourne Hotel - Christy's Bar | \$54.89 | Meals | Receipt - Insufficient Documentation |
| 6/12/2006 | Applebee's - Lexington | \$28.00 | BGS - Staff | Receipt - Insufficient Documentation |
| 6/13/2006 | Max & Erma's - Lexington | \$39.07 | Public Safety | Receipt - Insufficient Documentation |
| 6/14/2006 | Liquor Barn - Lexington | \$178.19 | Cigars | Receipt |
| 6/16/2006 | Beef O Brady's - Lexington | \$21.72 | Office | Receipt - Insufficient Documentation |
| 6/26/2006 | Johnny Carino's - Lexington | \$103.00 | BGA - Tacair Tech | Receipt - Insufficient Documentation |
| 7/8/2006 | Railheads Rest. - Versailles | \$91.60 | Special Event | Receipt - Insufficient Documentation |
| 7/10/2006 | Brickyard Crossing - Indianapolis | \$101.76 | Logo Ball, Cap, Etc | Receipt |
| 7/12/2006 | Clamatos - Lexington | \$19.23 | BGA - Admin | Receipt - Insufficient Documentation |
| 7/14/2006 | Heavenly Ham - NC | \$93.55 | Special Event | No Receipt |
| 7/18/2006 | Aramark - Applebee's Park | \$75.00 | Special Event | Receipt - Insufficient Documentation |
| 7/18/2006 | Aramark - Applebee's Park | \$18.00 | Special Event | Receipt - Insufficient Documentation |
| 7/19/2006 | CincinnatiGames.Biz | \$40.90 | Cornhole Bags | Receipt - Insufficient Documentation |
| 7/20/2006 | The Batter Box - Cincinnati, OH | \$376.00 | Polos and Caps | Receipt |
| 7/20/2006 | Club Venus | \$168.34 | Marketing - M BGA | Receipt - Insufficient Documentation |
| 7/27/2006 | Liquor Barn - Lexington | \$209.73 | Unknown | No Receipt - Copy of partial Rec |
| 7/27/2006 | The Discovery Channel Catalog | \$597.64 | 38 DVDs | Receipt |
| 7/31/2006 | Airport Council International-TN | \$755.00 | Unknown | No Receipt |
| 8/8/2006 | The Discovery Channel Catalog | \$14.60 | DVD's | |
| 8/12/2006 | Brewsters Junction - MI | \$200.00 | BGA - ASE | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--|---------------------------|------------------------------|--------------------------------------|
| 8/14/2006 | Radisson Hotel - Kalamazoo, MI | \$792.77 | T/T Admin | No Receipt |
| 8/14/2006 | Ramsey's - Lexington | \$50.00 | BGA - Admin | Receipt - Insufficient Documentation |
| 8/15/2006 | The Discovery Channel Catalog | \$79.50 | DVD's | |
| 8/18/2006 | The Discovery Channel Catalog | \$8.45 | DVD's | |
| 8/18/2006 | Dick's Sporting Goods - Lexington | \$1,899.49 | 3 guns and equip | Receipt |
| 8/19/2006 | ByPass Liquor & Tobacco - Versailles | \$58.46 | Mktg Per MG | Receipt - Insufficient Documentation |
| 8/23/2006 | Max & Erma's - Lexington | \$30.00 | BGA - TacAir | Receipt - Insufficient Documentation |
| 8/25/2006 | Ramsey's - Lexington | \$64.00 | BGA - Staff | Receipt - Insufficient Documentation |
| 8/30/2006 | Finance Charges | \$60.95 | Finance Charges | Finance Charge |
| 8/30/2006 | Late Fee | \$39.00 | Late Fee | Late Fee |
| 9/1/2006 | Liquor Barn - Lexington | \$239.54 | Cigars | Receipt |
| 9/5/2006 | Beef O Brady's - Lexington | \$39.00 | Meals | Receipt - Insufficient Documentation |
| 9/22/2006 | Liquor Barn - Lexington | \$129.01 | Cigars/Playing Cards | Receipt |
| 9/22/2006 | Golf Club of Bluegrass - Nicholasville | \$275.00 | Golf Outing | Receipt - Insufficient Documentation |
| 10/2/2006 | Applebee's - Lexington | \$32.00 | Staff Meals | Receipt - Insufficient Documentation |
| 10/6/2006 | Delta Air | \$181.60 | Airfare - Not for Cardholder | No Receipt |
| 10/7/2006 | Railheads Restaurant - Versailles | \$65.00 | Meals | Receipt - Insufficient Documentation |
| 10/10/2006 | Clamatos - Lexington | \$16.98 | Meals | Receipt - Insufficient Documentation |
| 10/11/2006 | Geno's Formal Affair | \$148.40 | Apparel | Receipt - Insufficient Documentation |
| 10/12/2006 | Boeing Store - WA | \$430.30 | Unknown | No Receipt |
| 10/13/2006 | Applebee's - Lexington | \$24.67 | Meals | Receipt - Insufficient Documentation |
| 10/15/2006 | Sendonline.com Inc | \$132.95 | Unknown | No Receipt |
| 10/16/2006 | Morton's Steakhouse - New Orleans | \$60.04 | Meals | Receipt - Insufficient Documentation |
| 10/17/2006 | Grandad's General Store - LA | \$34.26 | Meals | Receipt - Insufficient Documentation |
| 10/25/2006 | Clamatos - Lexington | \$44.00 | Admin/Potter | Receipt - Insufficient Documentation |
| 10/27/2006 | Longhorn Steakhouse | \$85.00 | BGA - Admin/Maint | Receipt - Insufficient Documentation |
| 10/31/2006 | Applebee's - Lexington | \$25.00 | BGA - Admin | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------------------|---------------------------|------------------------|--------------------------------------|
| 11/2/2006 | Churchill Downs - Louisville | \$7.50 | Special Event | Receipt - Insufficient Documentation |
| 11/4/2006 | Delta Air - Cincinnati | \$350.00 | Membership | No Receipt |
| 11/4/2006 | Wolfgang Puck's - Cincinnati | \$40.00 | Meals | Receipt - Insufficient Documentation |
| 11/5/2006 | Thaifoon - Salt Lake City | \$54.17 | Meals | Receipt - Insufficient Documentation |
| 11/6/2006 | Utah Jazz | \$175.55 | 2 Tickets to Utah Jazz | Receipt |
| 11/7/2006 | Christopher's - Salt Lake City | \$84.06 | Meals | Receipt - Insufficient Documentation |
| 11/8/2006 | Port O Call - Salt Lake City | \$48.00 | Meals | Receipt - Insufficient Documentation |
| 11/14/2006 | Turf Catering/Keeneland | \$5.04 | Meals | Receipt - Insufficient Documentation |
| 11/15/2006 | Liquor Barn - Lexington | \$477.16 | Mktg Per MG | Receipt - Insufficient Documentation |
| 11/29/2006 | Finance Charge | \$51.07 | Finance Charge | Finance Charge |
| 11/30/2006 | Azur Restaurant & Patio - Lexington | \$57.87 | BGA - TacAir | Receipt - Insufficient Documentation |
| 12/5/2006 | Brooklyn Sports Grill - Lexington | \$56.51 | BGA - Admin | Receipt - Insufficient Documentation |
| 12/8/2006 | The Browning Group | \$119.00 | Unknown | Receipt - Insufficient Documentation |
| 12/11/2006 | Dewald Fluid Power Co | \$222.35 | Unknown | No Receipt on File |
| 12/11/2006 | America - National Airport | \$29.28 | Calendar, 2pack golf.. | Receipt |
| 12/11/2006 | TGI - Friday's Washington DC | \$16.92 | Meals | Receipt - Insufficient Documentation |
| 12/12/2006 | Turf Catering/Keeneland - Lexington | \$20.57 | Public Safety | Receipt - Insufficient Documentation |
| 12/28/2006 | Applebee's - Lexington | \$25.00 | Meals | Receipt - Insufficient Documentation |
| 1/3/2007 | Clamatos - Lexington | \$20.00 | Meals | Receipt - Insufficient Documentation |
| 1/11/2007 | Coffee Pub - Lexington | \$26.84 | Meals | Receipt - Insufficient Documentation |
| 1/17/2007 | Nadine's - Lexington | \$32.00 | Meals | Receipt - Insufficient Documentation |
| 1/19/2007 | Applebee's - Lexington | \$31.34 | BGA - Admin | Receipt - Insufficient Documentation |
| 1/22/2007 | Orbitz.com IL | \$1,976.79 | Unknown | No Receipt |
| 1/26/2007 | Kauai Coffee Company - HI | \$831.40 | Unknown | No Receipt |
| 1/26/2007 | Tumbleweed - Lexington | \$43.02 | Meals | Receipt - Insufficient Documentation |
| 1/30/2007 | Abuelos Mexican Rest - Lexington | \$32.87 | Meals | Receipt - Insufficient Documentation |
| 1/31/2007 | Thoroughbred Club - Lexington | \$89.94 | Meals | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|------------------------------|--------------------------------------|
| 2/2/2007 | O'Charley's - Richmond, KY | \$103.24 | Meals | Receipt - Insufficient Documentation |
| 2/5/2007 | Max & Erma's - Lexington | \$52.38 | Meals | Receipt - Insufficient Documentation |
| 2/8/2007 | Country Cookin - Lexington | \$28.58 | Meals | Receipt - Insufficient Documentation |
| 2/12/2007 | Cracker Barrel - Lexington | \$32.54 | Meals | Receipt - Insufficient Documentation |
| 2/20/2007 | The American "Sea" Grill - Washington | \$41.30 | Meals | Receipt - Insufficient Documentation |
| 2/28/2007 | Railheads Restaurant - Versailles, KY | \$29.06 | Meals | Receipt - Insufficient Documentation |
| 3/5/2007 | Handmark Inc | \$179.35 | Unknown | No Receipt |
| 3/6/2007 | Max & Erma's - Lexington | \$63.33 | Meals | Receipt - Insufficient Documentation |
| 3/7/2007 | Barry's Ticket Service | \$697.00 | 4 tickets | Receipt |
| 3/19/2007 | Country Cookin by George - Lexington | \$19.74 | Meals | Receipt - Insufficient Documentation |
| 3/30/2007 | Azure Restaurant & Patio - Lexington | \$51.21 | Meals | Receipt - Insufficient Documentation |
| 4/2/2007 | Max & Erma's - Lexington | \$61.46 | Meals | Receipt - Insufficient Documentation |
| 4/5/2007 | Ramsey's - Lexington | \$63.39 | BGA - NW | Receipt - Insufficient Documentation |
| 4/10/2007 | XM Radio | \$89.70 | Unknown | No Receipt |
| 4/14/2007 | Liquor Barn | \$191.38 | Unknown | Receipt - Insufficient Documentation |
| 4/18/2007 | Johnny Carino's - Lexington | \$102.30 | BGA | Receipt - Insufficient Documentation |
| 4/19/2007 | Turf Catering/ Keeneland | \$233.26 | Station Mgrs | Receipt - Insufficient Documentation |
| 4/26/2007 | Sporty's Catalog | \$717.95 | Unknown | No Receipt |
| 4/27/2007 | LaFiesta Grande - Frankfort | \$19.05 | Meals | Receipt - Insufficient Documentation |
| 5/2/2007 | Airport Wireless - Washington DC | \$83.98 | Blackberry Holster/Veh Chrgr | Receipt |
| 5/2/2007 | Hyatt Regency - Washington DC | \$559.13 | Lodging | Receipt - Insufficient Documentation |
| 5/2/2007 | Chart House - Alexandria VA | \$232.30 | | Receipt - Insufficient Documentation |
| 5/9/2007 | Marriott - Lexington | \$41.89 | Meals | Receipt - Insufficient Documentation |
| 5/13/2007 | Hyatt Regency - Washington DC | \$250.76 | Travel "Lovely" | No Receipt |
| 5/22/2007 | Panera Bread - Lexington | \$23.59 | Meals | Receipt - Insufficient Documentation |
| 5/30/2007 | Finance Charge | \$48.18 | Finance Charge | Finance Charge |
| 6/4/2007 | Tyler Tool Co, Inc | \$183.95 | 2 Leatherman Tool | Receipt |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------------|---------------------------|---------------------------------------|--------------------------------------|
| 6/6/2007 | Panera Bread - Lexington | \$16.39 | Meals | Receipt - Insufficient Documentation |
| 6/7/2007 | AVIS Rent A Car - Virginia Beach, VA | \$422.67 | Unknown | No Receipt |
| 6/7/2007 | Turf Catering/ Keeneland | \$12.68 | BGA - Public Safety | Receipt - Insufficient Documentation |
| 6/10/2007 | TLF - Florist | \$93.00 | Unknown | No Receipt |
| 6/12/2007 | East Potomac Golf Course - Wash DC | \$105.67 | Unknown | Receipt - Insufficient Documentation |
| 6/12/2007 | East Potomac Golf Course - Wash DC | \$94.81 | Unknown | Receipt - Insufficient Documentation |
| 6/15/2007 | Best Buy - Lexington | \$529.99 | TomTom (navigation system) | Receipt |
| 6/16/2007 | Registered Traveler Flyclear.com NY | \$99.95 | Unknown | No Receipt |
| 6/21/2007 | Bose Corporation | \$739.88 | 2 Headphones/MP3 Player | Receipt - Insufficient Documentation |
| 7/6/2007 | Vodafone - Duesseldorf | \$17.65 | Internet | No Receipt |
| 7/16/2007 | Tony Romas - Lexington | \$103.00 | Meals | Receipt - Insufficient Documentation |
| 7/19/2007 | Quellenhof Aachen Restaurant | \$13.83 | Meals | No Receipt |
| 7/20/2007 | Golf Club - Nicholasville | \$78.00 | Golf Outing - Per CC Stmt | No Receipt |
| 7/20/2007 | Railheads Restaurant - Versailles | \$168.97 | Golf Outing - Per CC Stmt | Receipt - Insufficient Documentation |
| 7/23/2007 | The American "Sea" Grill - Wash DC | \$10.95 | Meals | No Receipt |
| 7/23/2007 | The American "Sea" Grill - Wash DC | \$50.90 | Meals | Receipt - Insufficient Documentation |
| 7/24/2007 | Capital Grill - Washington DC | \$548.70 | Meals | Receipt - Insufficient Documentation |
| 7/25/2007 | Kinkeads - Washington DC | \$603.80 | Meals | Receipt - Insufficient Documentation |
| 7/25/2007 | L'enfant Plaza Hotel - DC | \$19.88 | send package | Receipt - Insufficient Documentation |
| 7/31/2007 | Panera Bread - Lexington | \$23.59 | BGA | Receipt - Insufficient Documentation |
| 8/3/2007 | Coffee Pub - Lexington | \$38.10 | BGA - Admin | Receipt - Insufficient Documentation |
| 8/6/2007 | Skygeek.com | \$307.58 | Ground Radio - Nav & Com | Receipt - Insufficient Documentation |
| 8/8/2007 | O'Charley's - Lexington | \$78.04 | BGA - Public Safety | Receipt - Insufficient Documentation |
| 8/9/2007 | Skybridge - Chicago Airport | \$9.48 | Unknown | Receipt - Insufficient Documentation |
| 8/9/2007 | UPS Canada | \$17.95 | Mailed Trophy to Cardholder in Canada | Receipt - Insufficient Documentation |
| 8/11/2007 | Bridges Golf Course - Starbuck, MB | \$50.80 | Unknown | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|------------------------------------|---------------------------|-------------------------------------|--------------------------------------|
| 8/16/2007 | Ramsey's - Lexington | \$30.76 | BGA | Receipt - Insufficient Documentation |
| 8/17/2007 | Cherry Blossom Golf Course | \$195.04 | Tech Shorts/2 UK Vests | Receipt - Insufficient Documentation |
| 8/22/2007 | Panera Bread - Lexington | \$26.44 | Meals | Receipt - Insufficient Documentation |
| 8/28/2007 | Delta - Winnipeg | \$17.91 | Unknown | No Receipt |
| 8/28/2007 | Longhorn - Lexington | \$54.17 | BGA - Admin/PS | Receipt - Insufficient Documentation |
| 8/29/2007 | Mt Grand Lodge, Boyne Falls, MI | \$129.95 | Unknown | No Receipt |
| 8/30/2007 | Homewood Suites - Indianapolis, IN | \$411.70 | Unknown | No Receipt |
| 8/30/2007 | Golf Galaxy - Louisville | \$676.14 | Golf Supplies | Receipt - Insufficient Documentation |
| 9/5/2007 | Olive Garden - Lexington | \$21.31 | Golf Outing Per Receipt | Receipt - Insufficient Documentation |
| 9/6/2007 | Tumbleweed - Lexington | \$34.25 | 2007 Golf Outing - Food | Receipt - Insufficient Documentation |
| 9/6/2007 | Nevada Bob's Golf - Lexington | \$204.52 | Golf Umbrella, shoes, etc | Receipt - Insufficient Documentation |
| 9/6/2007 | Liquor Barn - Lexington | \$258.88 | Unknown – "Gobb" written on Receipt | Receipt - Insufficient Documentation |
| 9/11/2007 | Max & Erma's - Lexington | \$41.49 | BGA - Admin | Receipt - Insufficient Documentation |
| 9/17/2007 | The Alpine Pro Shop | \$177.00 | Club Rentals, golf | Receipt - Insufficient Documentation |
| 9/20/2007 | Dick's Sporting Goods | \$84.78 | Unknown | No Receipt |
| 9/28/2007 | Finance Charge | \$46.66 | Finance Charge | Finance Charge |
| 9/28/2007 | Late Fee | \$39.00 | Late Fee | Late Fee |
| 9/28/2007 | Stubhub, Inc | \$539.95 | Unknown | No Receipt |
| 9/28/2007 | Max & Erma's - Lexington | \$72.52 | Admin/Public Safety | Receipt - Insufficient Documentation |
| 10/1/2007 | The Chop House - Lexington | \$43.27 | BGA - PD | Receipt - Insufficient Documentation |
| 10/2/2007 | Clamatos - Lexington | \$20.18 | BGA - PS | Receipt - Insufficient Documentation |
| 10/5/2007 | Turf Catering/Keeneland | \$143.78 | BGA | Receipt - Insufficient Documentation |
| 10/5/2007 | Desha's - Lexington | \$123.88 | BGA - TacAir | Receipt - Insufficient Documentation |
| 10/5/2007 | Desha's - Lexington | \$21.82 | BGA - TacAir | Receipt - Insufficient Documentation |
| 10/7/2007 | Turf Catering/Keeneland | \$228.42 | BGA - Tenants | Receipt - Insufficient Documentation |
| 10/11/2007 | Turf Catering/Keeneland | \$413.97 | BGA - Tenants Air Tac Rentals | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|
| 10/15/2007 | O'Charley's - Lexington | \$34.71 | Meals | Receipt - Insufficient Documentation |
| 10/18/2007 | Homewood Suites - Indianapolis IN | \$44.00 | Unknown | No Receipt |
| 10/19/2007 | Marriott - Lexington | \$30.46 | BGA - Airlines | Receipt - Insufficient Documentation |
| 10/25/2007 | Coffee Pub - Lexington | \$32.99 | BGA - Public Safety | Receipt - Insufficient Documentation |
| 10/31/2007 | Ticketmaster | \$88.10 | Unknown | No Receipt |
| 10/31/2007 | Historic Tours of America - GA | \$25.00 | 1 Ghost Adult Sav. | Receipt - Insufficient Documentation |
| 10/31/2007 | Apple OnLine Store - GA | \$229.91 | Unknown | Receipt - Insufficient Documentation |
| 11/7/2007 | Coffee Pub - Lexington | \$28.11 | Meals | Receipt - Insufficient Documentation |
| 11/8/2007 | Walmart.com | \$663.00 | Unknown | No Receipt |
| 11/8/2007 | Panera Bread - Lexington | \$23.06 | Meals | Receipt - Insufficient Documentation |
| 11/9/2007 | El Chico - Lexington | \$26.21 | Meals | Receipt - Insufficient Documentation |
| 11/14/2007 | BuyAAmiles | \$806.25 | Unknown | No Receipt |
| 11/14/2007 | Radioshack - Milpitas, CA | \$47.59 | 3 watch batteries & radio headset | Receipt - Insufficient Documentation |
| 11/16/2007 | Brandon's Beverly Heritage Hotel - CA | \$75.33 | Meals | Receipt - Insufficient Documentation |
| 11/26/2007 | Coffee Pub - Lexington | \$29.17 | Meals | Receipt - Insufficient Documentation |
| 11/30/2007 | Amoco Oil | \$17.78 | Unknown | No Receipt |
| 11/30/2007 | Hattar Wireless AT & T | \$31.79 | Unknown | No Receipt |
| 11/30/2007 | Max & Erma's Lexington KY | \$27.84 | Unknown | No Receipt |
| 12/5/2007 | Cincinnati Arts.Org | \$543.75 | Unknown | No Receipt |
| 12/10/2007 | Chop House Washington DC | \$98.82 | Unknown | No Receipt |
| 12/11/2007 | Fish Market Alexandria VA | \$104.88 | Unknown | No Receipt |
| 12/12/2007 | Delta Air Washington DC | \$350.00 | Unknown | No Receipt |
| 12/13/2007 | Doubletree Arlington VA | \$624.19 | Unknown | No Receipt |
| 12/14/2007 | Target | \$190.79 | Unknown | No Receipt |
| 12/14/2007 | Berkshire Trains | \$625.38 | Unknown | No Receipt |
| 12/14/2007 | Liquor Barn | \$119.97 | Unknown | No Receipt |
| 12/17/2007 | Best Buy | \$121.87 | Unknown | No Receipt |
| 12/18/2007 | Bookmark Inc | \$109.73 | Unknown | No Receipt |
| 12/20/2007 | Murray's Restaurant | \$155.49 | Unknown | No Receipt |
| 12/27/2007 | Max & Erma's Lexington KY | \$49.46 | Meals | |
| 1/3/2008 | Pancho & Lefty Cantina - Hawaii | \$99.22 | Meals | Copy of Receipt |
| 1/4/2008 | Seafood Bar - Hawaii | \$207.00 | Meals | Copy of Receipt |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------|---------------------------|---|--------------------------------------|
| 1/6/2008 | Seafood Bar - Hawaii | \$275.63 | Meals | Copy of Receipt |
| 1/8/2008 | Francis H I'I Brown | \$77.08 | Golf Course | No Receipt |
| 1/9/2008 | Waimea Ranch House - Hawaii | \$177.28 | Meals | Copy of Receipt |
| 1/9/2008 | Dahana Ranch - Hawaii | \$1,499.51 | Horseback Riding | Receipt - Insufficient Documentation |
| 1/11/2008 | Hertz - Hawaii | \$686.29 | Auto Rental | Copy of Receipt |
| 1/11/2008 | Delta Air | \$50.00 | Unknown | No Receipt |
| 1/11/2008 | Delta Air | \$50.00 | Unknown; Not for Cardholder per the Credit Card Statement. | No Receipt |
| 1/11/2008 | Delta Air | \$50.00 | Unknown; Not for Cardholder per the Credit Card Statement. | No Receipt |
| 1/11/2008 | Delta Air | \$50.00 | Unknown; Not for Cardholder per the Credit Card Statement. | No Receipt |
| 1/11/2008 | Delta Air | \$50.00 | Unknown; Not for Cardholder per the Credit Card Statement. | No Receipt |
| 1/12/2008 | Prince Hotels - Hawaii | \$4,389.60 | Lodging, Hapuna golf shop, beach bar, in room movie, room service, Island Breeze, Reef Lounge, gift shop, Café Hapuna, Beach/Pool Rental, etc | Receipt - Insufficient Documentation |
| 1/30/2008 | Over limit fee | \$36.00 | Over limit Fee | Over Limit Fee |
| 2/13/2008 | Max & Erma's - Lexington | \$105.61 | BGA - Potter | Receipt - Insufficient Documentation |
| 2/18/2008 | Amazon.com | \$301.83 | Unknown | Receipt - Insufficient Documentation |
| 2/25/2008 | AT&T Center Fan Stand - TX | \$231.00 | Sports Apparel | Receipt - Insufficient Documentation |
| 2/28/2008 | Ramsey's - Lexington | \$96.24 | BGA - Staff | Receipt - Insufficient Documentation |
| 3/11/2008 | Clamatos - Lexington | \$15.21 | Public Safety | Receipt - Insufficient Documentation |
| 3/21/2008 | Coffee Pub - Lexington | \$30.65 | PS/TacAir | Receipt - Insufficient Documentation |
| 3/22/2008 | Longhorn - Lexington | \$261.86 | TacAir | Receipt - Insufficient Documentation |
| 3/26/2008 | Ramsey's - Lexington | \$38.44 | BGA- Meals | Receipt - Insufficient Documentation |
| 3/28/2008 | Insight Cable | \$27.96 | Exec Club Per Stmt | No Receipt |
| 4/2/2008 | Max & Erma's - Lexington | \$28.59 | Meals | Receipt - Insufficient Documentation |
| 4/3/2008 | Hilton Hotel - New Orleans, LA | \$302.45 | Lodging | No Receipt |
| 4/10/2008 | Turf Catering/ Keeneland | \$62.47 | Meals | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|--|--|
| 4/21/2008 | Lone Eagle Grille - Lk Tahoe | \$162.07 | Meals | Receipt - Insufficient Documentation |
| 4/21/2008 | Lone Eagle Grille - Lk Tahoe | \$100.90 | Meals | Receipt - Insufficient Documentation |
| 4/29/2008 | Max & Erma's - Lexington | \$156.26 | Meals | Receipt - Insufficient Documentation |
| 4/30/2008 | Liquor Barn - Lexington | \$264.73 | Unknown | Receipt - Insufficient Documentation |
| 5/5/2008 | VegasGolfTheGame.com | \$84.90 | High Roller Complete Collection & Vegas Golf Basic Set - 8 Chips | Receipt - Insufficient Documentation |
| 5/7/2008 | Blue Line Diner - Lexington | \$20.00 | Meals | Receipt - Insufficient Documentation |
| 5/8/2008 | Asian Wind - Lexington | \$45.00 | Meals | Receipt - Insufficient Documentation |
| 5/9/2008 | 4X4 Books | \$174.34 | Unknown | No Receipt |
| 5/12/2008 | Panera Bread - Lexington | \$29.48 | Meals | Receipt - Insufficient Documentation |
| 5/15/2008 | Liquor Barn - Lexington | \$92.48 | Unknown | Receipt - Insufficient Documentation |
| 5/28/2008 | Olive Garden - Lexington | \$40.88 | Meals | Receipt - Insufficient Documentation |
| 5/31/2008 | Aramark - Applebee's Park Lexington | \$115.84 | Unknown - ball park | Receipt - Insufficient Documentation |
| 5/31/2008 | Aramark - Applebee's Park Lexington | \$111.00 | Unknown - ball park | Receipt - Insufficient Documentation |
| 6/11/2008 | Hilton Hotels - New Orleans Riverside | \$1,110.01 | Lodging, 202.66 in Spirits | Receipt - Insufficient Documentation |
| 6/13/2008 | Hilton Hotels - Atlanta, GA | \$159.06 | Lodging | No Receipt |
| 6/13/2008 | AT&T - Buford, GA | \$76.31 | Cell Headset Purchase | Receipt - Insufficient Documentation |
| 6/22/2008 | New York Yankees | \$1,440.00 | New York Familiarization Trip | Duplicate Charge Identified Also on Director of Marketing's Card; No Credit Received |
| 6/24/2008 | Coffee Pub - Lexington | \$35.10 | Meals | Receipt - Insufficient Documentation |
| 6/24/2008 | Hattar Wireless AT&T - Versailles, KY | \$21.19 | Car Charger | Receipt - Insufficient Documentation |
| 7/3/2008 | Malone's - Lexington | \$54.22 | Meals | Receipt - Insufficient Documentation |
| 7/7/2008 | Sporty's.com | \$201.50 | Vintage Flight Propeller | Receipt - Insufficient Documentation |
| 7/9/2008 | Malone's - Lexington | \$80.57 | Meals | Receipt - Insufficient Documentation |
| 7/10/2008 | Asian Wind - Lexington | \$44.21 | Meals | Receipt - Insufficient Documentation |

**Former Director of Operations
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|---------------------|--------------------------------------|
| 7/11/2008 | Halftime Sports Bar - Versailles KY | \$105.69 | Meals | Receipt - Insufficient Documentation |
| 7/11/2008 | Quiznos - Airport | \$19.06 | Meals | Receipt - Insufficient Documentation |
| 7/15/2008 | Lynagh's Shamrock - Lexington | \$26.50 | Meals | Receipt - Insufficient Documentation |
| 7/21/2008 | Bellini's Restaurant - Lexington | \$51.96 | Meals | Receipt - Insufficient Documentation |
| 7/25/2008 | Malone's - Lexington | \$38.16 | BGA - TacAir | Receipt - Insufficient Documentation |
| 7/28/2008 | Blue Diner - Lexington | \$30.52 | Meals | Receipt - Insufficient Documentation |
| 7/29/2008 | Ramsey's - Lexington | \$161.70 | Meals | Receipt - Insufficient Documentation |
| 8/29/2008 | Avenue Gifts - Sheraton Hotel Atlanta | \$52.90 | Unknown | Receipt - Insufficient Documentation |
| 8/29/2008 | O'Charley's - Lexington | \$40.15 | Meals | Receipt - Insufficient Documentation |
| 8/30/2008 | Clear Reg Traveler Flyclear.com | \$128.00 | Membership per stmt | No Receipt |
| 9/9/2008 | Heat Surge | \$375.00 | Unknown | No Receipt |
| 9/18/2008 | Delta Air | \$229.00 | to Baltimore | No Receipt |
| 9/19/2008 | El Chico - Lexington | \$27.01 | Meals | Receipt - Insufficient Documentation |
| 9/20/2008 | Levy Golf Conc - Chicago IL | \$29.50 | Unknown | Receipt - Insufficient Documentation |
| 9/24/2008 | Airports Council Internat | \$595.00 | Unknown | No Receipt |
| 9/26/2008 | Malone's - Lexington | \$88.88 | Meals | Receipt - Insufficient Documentation |
| 10/2/2008 | Max & Erma's - Lexington | \$37.85 | Meals | Receipt - Insufficient Documentation |
| 10/7/2008 | Portofino's - Lexington | \$57.70 | Meals | Receipt - Insufficient Documentation |
| 10/22/2008 | The Ritz Carlton - Arlington VA | \$1,155.59 | Lodging | Receipt - Insufficient Documentation |
| 11/11/2008 | XM Satellite Radio | \$69.53 | "Car 1 Per MG" | No Receipt |
| 11/11/2008 | XM Satellite Radio | \$90.47 | "Car 1 Per MG" | No Receipt |
| 11/12/2008 | XM Satellite Radio | \$290.29 | "Car 1 Per MG" | No Receipt |
| 11/13/2008 | Malone's - Lexington | \$48.98 | Meals | Receipt - Insufficient Documentation |
| 11/14/2008 | Corky's - Lexington | \$42.68 | Meals | Receipt - Insufficient Documentation |
| 11/18/2008 | E Bauer | \$1,046.17 | Uniforms | No Receipt |
| 11/19/2008 | Ramsey's - Lexington | \$114.61 | BGA | Receipt - Insufficient Documentation |
| 11/20/2008 | Hawaii Internet Site | \$130.00 | Internet access | No Receipt - for Hawaii Trip |
| 11/21/2008 | Jonathan At Gratz Park - Lexington | \$433.07 | Meals | Receipt - Insufficient Documentation |

Total Questionable or Unsupported Expenditures: \$52,713.40

**Former Director of Operations
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|---|
| 1/20/2006 | \$270.00 | 1/20/2006 | Advance Per Diem Not Supported by Expense Report |
| 3/24/2006 | \$146.00 | 3/24/2006 | Advance Per Diem and Taxi fees Not Supported by Expense Report |
| 7/25/2006 | \$203.00 | 7/25/2006 | Advance Per Diem and Messer Event Not Supported by Expense Report |
| 10/6/2006 | \$160.00 | 10/6/2006 | Advance Per Diem Not Supported by Expense Report |
| 10/15/2006 | \$80.00 | 10/20/2006 | Transportation |
| 10/15/2006 | \$20.00 | 10/20/2006 | Entertainment |
| 4/15/2007 | \$25.00 | 2/26/2007 | Entertainment expense at ASC in Louisville, KY |
| 4/16/2007 | \$10.00 | 2/26/2007 | Entertainment expense at ASC in Louisville, KY |
| 7/7/2007 | \$66.00 | 8/24/2007 | Tips of \$26, \$20 and \$20 on Germany Trip |
| 7/7/2007 | \$307.95 | 8/24/2007 | Entertainment on Germany Trip |
| 7/13/2007 | \$200.00 | 7/13/2007 | Miscellaneous expenses not supported by Expense Report |
| 7/24/2007 | \$45.00 | 8/10/2007 | Entertainment on Washington D.C. |
| 7/25/2007 | \$60.00 | 8/10/2007 | Entertainment on Washington D.C. |
| 8/2/2007 | \$55.00 | 8/3/2007 | 2007 Golf Outing not Supported |
| 8/24/2007 | \$197.02 | 8/24/2007 | Reimbursement for personal credit charges Not Supported by Expense Report |
| 9/6/2007 | \$96.00 | 9/6/2007 | Advance Per Diem Not Supported by Expense Report |
| 12/28/2007 | \$288.00 | 12/28/2007 | Advance Per Diem Not Supported by Expense Report |
| 1/25/2008 | \$55.00 | 3/28/2008 | Meals - GL Board Members |
| 1/26/2008 | \$91.00 | 3/28/2008 | Meals - GL Board Members |
| 2/25/2008 | \$85.00 | 3/14/2008 | Marketing |
| 3/14/2008 | \$30.00 | 3/28/2008 | Other Transportation |
| 4/25/2008 | \$65.00 | 5/2/2008 | Special Events Advance Not Supported by Expense Report |
| 10/6/2008 | \$160.00 | 10/6/2008 | Advance Per Diem Not Supported by Expense Report |

Total Questionable or Unsupported Expenditures: \$2,714.97

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|-------------------------------|--------------------|--|---|
| 12/30/2005 | Downtown Athletic Club | \$368.00 | No Itemized Support | Mt. Sterling, KY |
| 1/17/2006 | Thoroughbred Club of A | \$78.40 | No Itemized Support | |
| 1/23/2006 | Lexington Landside Food Court | \$10.18 | Meals | |
| 1/31/2006 | Lex Landside Food Court | \$17.81 | No Itemized Support | |
| 2/14/2006 | Clamatos | \$36.00 | No Itemized Support | Lexington, KY |
| 2/17/2006 | Delta Air | \$454.19 | No Support | Lexington to Jacksonville and Return |
| 2/18/2006 | Papa Johns | \$33.99 | No Itemized Support | |
| 2/20/2006 | CTX | \$4.99 | No Support | |
| 2/20/2006 | Delta Air | \$502.70 | No Support | Knoxville to Atlanta and return to Lexington; Not for Cardholder |
| 2/20/2006 | Lockline Verizon | \$50.00 | No Itemized Support | |
| 2/21/2006 | Pure Las Vegas | \$702.00 | No Itemized Support | Believe to be for champagne per interview. |
| 2/23/2006 | Hyatt Hotels Lake Tahoe | \$1,049.43 | No Itemized Support | Special Awards Trip. Per interview, believe to be trip when expensive champagne was purchased. Credit Card Receipt lists Lone Eagle Grille. |
| 2/24/2006 | American ASSN Airport | \$510.00 | No Support | |
| 2/24/2006 | American ASSN Airport | \$510.00 | No Support | |
| 2/24/2006 | Reno Hilton Gift Shop NV | \$68.72 | NB Apparel, Postcards | |
| 2/25/2006 | Paradies Reno | \$137.41 | Lake Tahoe Unisex ZF | |
| 2/28/2006 | Nadines Lexington | \$55.97 | No Itemized Support | Item identified as a cell phone holder within an email, however, an actual receipt was not provided. |
| 3/2/2006 | www.palmone.com | \$49.27 | No Itemized Support | |
| 3/4/2006 | Max and Erma's | \$82.22 | No Itemized Support | |
| 3/16/2006 | Joe Bologna's | \$83.97 | No Itemized Support | |
| 3/16/2006 | Omni Hotels San Diego | \$68.96 | Cigars, cigarettes, and a camera charged during a hotel stay | |
| 3/20/2006 | Loews L'Enfant Plaza | \$9.95 | No Support | |
| 3/20/2006 | Paradiies Washington Int. | \$15.11 | No Support | |
| 3/21/2006 | Loews L'Enfant Plaza | \$71.40 | No Itemized Support | |
| 3/24/2006 | Ramsey's | \$165.28 | No Itemized Support | Special Event |
| 3/30/2006 | Applebee's | \$28.34 | No Itemized Support | Lexington, KY |
| 3/31/2006 | Delta Air | \$328.10 | Lexington to New York and Return | 6/24/2006 |
| 3/31/2006 | Delta Air | \$328.10 | Lexington to New York and Return | Not for Cardholder |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
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| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------------|---------------------------|-----------------------------------|---|
| 3/31/2006 | Delta Air | \$495.20 | Lexington to San Diego and Return | 4/22/2006 |
| 3/31/2006 | Delta Air | \$495.20 | Lexington to San Diego and Return | Not for Cardholder |
| 4/4/2006 | Luk Werks | \$326.69 | No Support | Listed as Computer Equipment |
| 4/4/2006 | Delta Air | \$875.00 | Lex to Honolulu and Return | 1/6/2007 |
| 4/4/2006 | Logans | \$25.80 | No Itemized Support | Lexington, KY |
| 4/14/2006 | Johnny Carino's | \$31.45 | No Itemized Support | Lexington, KY |
| 4/17/2006 | O Charley's | \$37.97 | No Itemized Support | Lexington, KY |
| 4/18/2006 | Ramsey's | \$23.45 | No Itemized Support | Lexington, KY |
| 4/21/2006 | Malone's | \$105.00 | No Itemized Support | 50th Celebration |
| 4/22/2006 | HRC San Diego | \$29.11 | No Itemized Support | San Diego |
| 4/23/2006 | American ASSN Airport | \$220.00 | No Itemized Support | |
| 4/24/2006 | Hotel Del Coronado CA | \$31.79 | No Itemized Support | San Diego |
| 4/24/2006 | Hotel Del Coronado | \$141.45 | No Itemized Support | San Diego |
| 4/25/2006 | Café Coyote | \$17.71 | No Itemized Support | San Diego |
| 4/25/2006 | Kansas City BBQ | \$29.09 | No Itemized Support | San Diego |
| 4/25/2006 | University Club Atop San Diego | \$17.81 | Gls Salmon Crk (2) | States Wine in bottom Corner of Receipt |
| 4/26/2006 | HMSHOST | \$16.10 | No Support | |
| 4/26/2006 | Spirit of Sand Diego | \$16.15 | No Itemized Support | San Diego |
| 4/27/2006 | Experts Exchange | \$99.50 | No Support | |
| 4/29/2006 | Outback | \$240.39 | No Itemized Support | Rolex Event |
| 5/5/2006 | Applebee's | \$28.34 | No Itemized Support | Lexington, KY |
| 5/8/2006 | Neil Sulier Co | \$55.00 | No Support | KY |
| 5/8/2006 | Aramark | \$50.00 | Food and two beers, Legends game | Legends |
| 5/15/2006 | McDonalds | \$9.11 | Meals | Lexington, KY |
| 5/17/2006 | Longhorn | \$218.19 | No Itemized Support | Lexington, KY |
| 5/18/2006 | Eberle Golf | \$21.20 | No Itemized Support | Richmond Chamber Golf |
| 5/19/2006 | Max and Erma's | \$33.94 | No Itemized Support | Lexington, KY |
| 5/22/2006 | Windtree Golf Club Mt. Juliet TN | \$38.24 | No Support | |
| 5/24/2006 | Loews Hotels Vanderbilt | \$10.00 | Drink Lounge | Items not identified |
| 5/26/2006 | Applebee's Mt. Sterling | \$232.24 | No Itemized Support | Mt. Sterling, KY |
| 6/1/2006 | HP- Verisign | \$39.00 | No Support | |
| 6/7/2006 | John C Tune Airport; Nashville | \$275.00 | No Support | |
| 6/7/2006 | KFC- Lexington | \$14.31 | Meals | |
| 6/21/2006 | Roots Milwaukee | \$237.94 | No Itemized Support | |
| 6/21/2006 | Houlihans Milwaukee | \$30.34 | No Itemized Support | |
| 6/25/2006 | Starbucks NY | \$12.73 | No Support | |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|------------------------------|---------------------------|-----------------------------------|---|
| 6/25/2006 | Peninsula Pen Top Terr NY | \$95.66 | No Itemized Support | JP Morgan Finance Seminar |
| 6/27/2006 | Training Source Inc | \$195.00 | No Support | Technology/Computer |
| 7/1/2006 | Murray's Lexington | \$261.23 | No Itemized Support | |
| 7/5/2006 | Network Solutions | \$34.99 | No Support | Technology/Computer |
| 7/5/2006 | Geotrust | \$89.00 | No Support | |
| 7/7/2006 | Applebee's | \$27.28 | No Itemized Support | Lexington, KY |
| 7/12/2006 | Applebee's | \$21.98 | No Itemized Support | Lexington, KY |
| 7/13/2006 | Nadines | \$16.18 | No Itemized Support | Lexington, KY |
| 7/18/2006 | Ramsey's | \$59.13 | No Itemized Support | Lexington, KY |
| 7/19/2006 | Thoroughbred club | \$61.25 | No Itemized Support | Lexington, KY |
| 7/22/2006 | Handango | \$5.95 | No Support | |
| 7/22/2006 | Auto Europe | \$387.00 | Mini Bus Transportation | 4 passengers |
| 7/22/2006 | Auto Europe | \$387.00 | Mini Bus Transportation | 4 passengers |
| 7/25/2006 | Adobe System | \$20.95 | No Support | |
| 7/25/2006 | Adobe/Macromedia | \$149.00 | No Support | |
| 7/25/2006 | Jones Byrd Clubhouse | \$46.00 | Round of Golf | Sunset Beach, NC |
| 7/25/2006 | Jones Byrd Clubhouse | \$138.00 | 3 Rounds of Golf | Sunset Beach, NC |
| 7/25/2006 | Jones Byrd Clubhouse | \$283.55 | 4 Shirts/Jersey's | Sunset Beach, NC |
| 7/25/2006 | Magnolia's- NC | \$29.25 | Meals | Sunset Beach, NC |
| 8/2/2006 | Max Erma's | \$51.20 | No Itemized Support | Lexington, KY |
| 8/3/2006 | Aaramark | \$44.94 | No Itemized Support | Applebee's Park |
| 8/6/2006 | Dale Jarrett Rig- Concord NC | \$26.50 | D Jarrett 1/24 Hot | North Carolina |
| 8/11/2006 | American Air | \$786.60 | Lexington to Ft. Worth and Return | |
| 8/11/2006 | Delta | \$904.70 | Lexington to Memphis and Return | |
| 8/12/2006 | Ramsey's | \$40.30 | No Itemized Support | Lexington, KY |
| 8/16/2006 | VMWARE INC | \$316.94 | No Support | |
| 8/16/2006 | El Chico | \$56.41 | No Itemized Support | |
| 8/18/2006 | Delta Air | \$385.20 | Lexington to Atlanta and Return | |
| 8/21/2006 | Old Silo Golf club | \$84.80 | No Itemized Support | |
| 8/24/2006 | Accessorygeeks.com | \$136.16 | No Itemized Support | Email listing items for former Executive Director; Cell Phone Accessories |
| 8/25/2006 | Grand Hyatt DFW | \$31.81 | No Itemized Support | |
| 8/29/2006 | Emetrix Online Sales | \$99.99 | No Support | |
| 9/1/2006 | Logan's Roadhouse | \$85.17 | No Itemized Support | Lexington, KY |
| 9/4/2006 | Cracker Barrel | \$71.56 | Several Meals | Mt. Sterling, KY Location; Several children's meals noted |
| 9/7/2006 | Applian | \$49.95 | No Support | Technology/Computer |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------------|---------------------------|--|---|
| 9/7/2006 | Emetrix Online Sales | \$34.95 | No Support | Technology/Computer |
| 9/11/2006 | Genos Formal Affair | \$46.59 | No Itemized Support | Rental? |
| 9/12/2006 | Harry's Washington DC | \$40.85 | No Itemized Support | Washington DC |
| 9/13/2006 | Murray's | \$260.33 | No Itemized Support | Lexington, Ky |
| 9/13/2006 | Willard Intercontinental DC | \$708.76 | 1 Night Stay | For Awards Ceremony |
| 9/14/2006 | Aviation Museum of KY | \$40.00 | No Itemized Support | |
| 9/14/2006 | US Sedan Service | \$276.64 | Possible Limo Service | |
| 9/15/2006 | US Sedan Service | \$276.64 | Possible Limo Service | |
| 9/18/2006 | www.element5.info | \$19.95 | No Support | |
| 9/26/2006 | Nadines | \$22.98 | No Itemized Support | |
| 9/27/2006 | Old Heidelberg | \$53.32 | No Itemized Support | |
| 10/6/2006 | Nice Systems | \$260.00 | No Support | Listed as DVR System on Credit Card Statement |
| 10/6/2006 | Genos | \$148.40 | No Itemized Support | Tux Rental |
| 10/6/2006 | Applebee's | \$18.82 | No Itemized Support | Lexington, KY |
| 10/9/2006 | Delta Air | \$1,228.60 | No Support | Lexington to Washington and return |
| 10/11/2006 | TGI Fridays- Washington DC | \$12.12 | No Itemized Support | DC |
| 10/12/2006 | Garmin-Unlock | \$60.00 | No Support | |
| 10/16/2006 | Margariataville | \$48.98 | Shirt and CD | |
| 10/17/2006 | 865-940-5040 | \$200.21 | No Support | |
| 10/17/2006 | Intercontinental HTL New Orleans | \$75.81 | No Itemized Support | |
| 10/18/2006 | American Assn Airport | \$425.00 | No Support | |
| 10/20/2006 | Tony Romas | \$114.45 | No Itemized Support | |
| 10/20/2006 | Lees Famous Recipe | \$15.31 | No Itemized Support | Mt. Sterling, KY |
| 10/20/2006 | Fandango | \$5.00 | Movie Ticket | |
| 10/24/2006 | Applebee's | \$41.93 | No Itemized Support | Lexington, KY |
| 10/26/2006 | Deshas | \$113.08 | No Itemized Support | Lexington, KY |
| 11/3/2006 | Hawaiian AI | \$109.60 | Honolulu to Kauai Island | |
| 11/3/2006 | Hawaiian AI | \$109.60 | Honolulu to Kauai Island | Other than Cardholder |
| 11/3/2006 | DNS Made Easy | \$37.90 | No Support | |
| 11/8/2006 | Sawyers Lexington | \$18.31 | No Itemized Support | Lexington, KY |
| 11/9/2006 | Applebee's | \$25.17 | No Itemized Support | Lexington, KY |
| 11/10/2006 | American ASSN Airport | \$625.00 | No Support | |
| 11/13/2006 | Applebee's | \$22.05 | No Itemized Support | Lexington, KY |
| 11/16/2006 | Denny's Lexington | \$32.95 | Meals | Lexington, KY |
| 11/20/2006 | Applebee's | \$21.34 | No Itemized Support | Lexington, KY |
| 11/21/2006 | Day Timers INC | \$75.75 | Pocket Planner, Phone Directory, Open Wallet | Item had a personalization charge attached |
| 11/25/2006 | Dr. Symantec | \$69.99 | No Support | |
| 11/25/2006 | Barnes and Noble | \$55.05 | KAUAI Guidebooks/Travel Books | |
| 12/7/2006 | Thoroughbred club | \$98.31 | No Itemized Support | Lexington, KY |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

Appendix 3

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------|---------------------------|---|---|
| 12/11/2006 | Applebee's | \$53.78 | No Itemized Support | Lexington, KY |
| 12/22/2006 | Logans Roadhouse | \$70.22 | No Itemized Support | Lexington, KY |
| 12/31/2006 | National City Bank | \$650.36 | Finance Charges, Late Fee, Annual Fees | For 2006 |
| 1/2/2007 | JC Penney Mt. Sterling | \$296.78 | 2 \$139 items, could not determine from receipt | |
| 1/7/2007 | Gamie Home Care Lihue | \$200.52 | No Itemized Support | Lihue Hawaii |
| 1/8/2007 | Gaylord's at Kilohana | \$47.25 | No Itemized Support | |
| 1/9/2007 | Wal Mart Lihue HI | \$80.25 | Book, Souvenir BK, Chips, 29 IN Upright- \$59.44, Cigarettes | |
| 1/10/2007 | Hawaiian AI Portland OR | \$40.00 | No Support | Fee For Ticket Change |
| 1/10/2007 | Poipu Bay Golf Course | \$292.70 | Golf Shoes, Golf Gloves, etc.. | Hawaii Golf Supplies |
| 1/11/2007 | Lihue BBQ Inn | \$46.52 | No Itemized Support | |
| 1/11/2007 | Jack Harter Helicopters | \$10.00 | No Itemized Support | |
| 1/12/2007 | Hyatt Hotels Kauai Koloa | \$3,507.43 | Rooms, Spa, Bar, Golf Cart, Tide Pool Dinner, botanical tour, sandal tree, etc. | Excessive |
| 1/16/2007 | Delta Air | \$481.60 | No Support | Lexington to Tampa and Return |
| 1/17/2007 | Geotrust | \$89.00 | No Support | Technology/Computer |
| 1/22/2007 | Target FL | \$106.99 | Group III; Item could not be identified | Florida |
| 1/23/2007 | Crabby Bills Clearwater FL | \$44.57 | No Itemized Support | |
| 1/25/2007 | Microsoft Tech | \$249.00 | No Support | Technology/Computer |
| 2/6/2007 | American ASSN Airport | \$370.00 | No Support | |
| 2/8/2007 | Delta Air | \$908.10 | No Support | Lexington to Orlando and Return |
| 2/8/2007 | Applebee's Mt Sterling | \$42.29 | No Itemized Support | Mt. Sterling, KY |
| 2/13/2007 | Handango TX | \$12.00 | No Support | Texas |
| 2/14/2007 | Coffee Pub | \$48.23 | No Itemized Support | Lexington, KY |
| 2/16/2007 | Creative Croissants | \$21.08 | No Itemized Support | Lexington, KY |
| 2/22/2007 | Delta Air | \$394.61 | No Support | Lexington to Fort Worth and Return; 3/18/2007 |
| 2/23/2007 | Delta Air | \$770.10 | No Support | Lexington to Charlotte and Return; 2/26/2007 |
| 2/23/2007 | Delta Air | \$15.00 | No Support | |
| 2/26/2007 | LIDS | \$27.87 | Steelers Coaches Fleece | |
| 2/27/2007 | Applebee's | \$33.40 | No Itemized Support | Lexington, KY |
| 2/28/2007 | American Assn Airport | \$1,300.00 | No Support | AAE School |
| 2/28/2007 | Creative Croissants | \$13.93 | No Itemized Support | Lexington, KY |
| 3/2/2007 | Asian Wind | \$23.40 | No Itemized Support | Lexington, KY |
| 3/7/2007 | Max and Ermas | \$29.60 | No Itemized Support | Lexington, KY |
| 3/12/2007 | US Airways | \$573.10 | No Support | Oranjestad, MX |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------|---------------------------|---|--|
| 3/13/2007 | Ramsey's | \$34.88 | No Itemized Support | Lexington, KY |
| 3/20/2007 | Bose Corporation | \$391.14 | Headphones | Credit Card Charges for former Executive Director's Headphones |
| 3/26/2007 | Logans | \$36.89 | No Itemized Support | Lexington, KY |
| 4/4/2007 | Paradies | \$18.54 | No Support | Lexington, KY; Lost Receipt |
| 4/6/2007 | Max and Ermas | \$65.16 | No Itemized Support | Lexington, KY |
| 4/10/2007 | Outback | \$122.96 | No Itemized Support | Lexington, KY |
| 4/11/2007 | Delta Air | \$548.60 | No Support | Lexington to Phoenix and Return |
| 4/11/2007 | Ramsey's | \$61.04 | No Itemized Support | Lexington, KY |
| 4/12/2007 | Ramsey's | \$37.38 | No Itemized Support | Lexington, KY |
| 4/13/2007 | Deshas | \$70.72 | No Itemized Support | Lexington, KY |
| 4/19/2007 | Turf Catering Keeneland | \$384.29 | No Itemized Support | Lexington, KY |
| 4/19/2007 | Downtown Athletic Club Lex | \$499.00 | No Itemized Support | Gym Membership |
| 4/25/2007 | Airports Council International | \$695.00 | No Support | |
| 4/26/2007 | Max and Erma's | \$138.27 | No Itemized Support | Lexington, KY |
| 4/28/2007 | Emetrix.com | \$29.95 | No Support | |
| 4/28/2007 | Oderfind.com | \$92.94 | No Support | |
| 5/2/2007 | Levy Golf Chicago | \$59.50 | No Itemized Support | Chicago, IL |
| 5/2/2007 | Scott O Davenport Golf | \$47.30 | 2 American Neele Adult Cap | NC |
| 5/2/2007 | Scott O Davenport Golf | \$335.40 | 4 Nike Dri Fit Body map, 1 P M Channel Stripe Lisle | NC |
| 5/14/2007 | Max and Ermas | \$32.87 | No Itemized Support | Lexington, KY |
| 5/18/2007 | The Chop House | \$128.97 | No Itemized Support | Lexington KY |
| 5/22/2007 | Donovan's Steak Phoenix | \$264.04 | No Itemized Support | |
| 5/23/2007 | Raffertys | \$48.21 | No Itemized Support | Lexington, KY |
| 5/30/2007 | Beef O Brady's | \$65.33 | No Itemized Support | Lexington, KY |
| 6/19/2007 | Experts Exchange | \$99.50 | No Support | Technology/Computer |
| 6/20/2007 | Adobe Systems | \$159.00 | No Support | Technology/Computer |
| 6/20/2007 | Logans Roadhouse | \$61.35 | No Itemized Support | Lexington, KY |
| 6/20/2007 | EL Chico | \$22.09 | No Itemized Support | Lexington, KY |
| 6/21/2007 | Ramsey's | \$61.62 | No Itemized Support | Lexington, KY |
| 6/26/2007 | Joe Bologna's | \$23.13 | No Itemized Support | Lexington, KY |
| 6/27/2007 | Training Source, Inc | \$150.00 | No Support | Technology/Computer |
| 6/27/2007 | Lexington Hitch and Trailer | \$147.82 | Cargo Carrier | |
| 7/5/2007 | Network Solutions | \$34.99 | No Support | Technology/Computer |
| 7/9/2007 | Waffle House | \$15.84 | No Itemized Support | Lexington, Ky |
| 7/10/2007 | Max and Erma's | \$36.90 | No Itemized Support | Lexington, Ky |
| 7/12/2007 | Ramsey's | \$20.76 | No Itemized Support | Lexington, Ky |
| 7/13/2007 | Max and Erma's | \$48.22 | No Itemized Support | Lexington, Ky |
| 7/18/2007 | Max and Erma's | \$27.90 | No Itemized Support | Lexington, Ky |
| 7/29/2007 | Max and Erma's IN | \$100.04 | No Itemized Support | No Purpose Noted |
| 7/29/2007 | Flying J Whiteland IN | \$15.89 | Mens Vintage W | |

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January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------|---------------------------|--------------------------------------|-------------------------------------|
| 8/1/2007 | Dameware Development | \$289.00 | No Support | Technology/Computer |
| 8/3/2007 | Logans Roadhouse | \$125.12 | No Itemized Support | Lexington, KY |
| 8/6/2007 | Marriott Lexington | \$26.02 | No Itemized Support | 19th Hole |
| 8/9/2007 | Network Solutions | \$174.95 | No Support | Technology/Computer |
| 8/10/2007 | US Airways | \$387.30 | No Support | Lexington to Charlotte and Return |
| 8/10/2007 | Delta Air | \$341.60 | No Support | Lexington to Kansas City and Return |
| 8/13/2007 | Applebee's | \$21.50 | No Itemized Support | Lexington, KY |
| 8/14/2007 | Mundo Corp | \$90.47 | No Support | Technology/Computer |
| 8/14/2007 | Coffee Pub Lexington | \$20.43 | No Itemized Support | Lexington, KY |
| 8/15/2007 | Airports Council Internat | \$755.00 | No Support | |
| 8/21/2007 | Speedway | \$50.00 | No Support | |
| 8/22/2007 | Adobe Systems, Inc | \$79.00 | No Support | Technology/Computer |
| 8/23/2007 | Applebee's | \$35.95 | No Itemized Support | Lexington, KY |
| 8/24/2007 | Asian Wind | \$40.76 | No Itemized Support | Lexington, KY |
| 8/27/2007 | Panera Bread | \$32.78 | Several Meals | Lexington, KY |
| 8/30/2007 | Max and Erma's- Charlotte | \$36.58 | No Itemized Support | |
| 9/4/2007 | O Charley's | \$34.24 | No Itemized Support | Lexington, KY |
| 9/10/2007 | Creative Croissants | \$7.24 | No Itemized Support | Lexington, KY |
| 9/12/2007 | Tumbleweed Somerset KY | \$99.10 | No Itemized Support | KAAs |
| 9/14/2007 | Longhorn- Dalton GA | \$162.23 | No Itemized Support | Georgia |
| 9/15/2007 | Pro Golf Conces | \$40.50 | No Itemized Support | Oakdale, MN |
| 9/15/2007 | The Game Golf Division | \$155.15 | Divot Tool, Terra 2 Bar, 158 Wht Sld | Alabama |
| 9/19/2007 | Creative Croissants | \$24.47 | No Itemized Support | Lexington, KY |
| 9/20/2007 | Sontino's | \$73.70 | No Itemized Support | Lexington, KY |
| 9/20/2007 | Regatta Seafood | \$111.52 | No Itemized Support | Lexington, KY |
| 9/30/2007 | The Pub Cin. OH | \$16.99 | No Itemized Support | Cincinnati, OH |
| 10/1/2007 | Aravia Steamboat Museum | \$12.50 | No Itemized Support | Kansas City, MO |
| 10/4/2007 | Geno's | \$121.90 | No Itemized Support | |
| 10/9/2007 | Store.Palm.Com | \$135.61 | No Support | |
| 10/10/2007 | Tumbleweed | \$26.96 | Meals | Lexington, KY |
| 10/16/2007 | Store.palm.com | \$525.70 | No Support | |
| 10/22/2007 | Max and Erma's | \$68.09 | No Itemized Support | Lexington, KY |
| 10/25/2007 | Logans Roadhouse | \$91.92 | No Itemized Support | Lexington, KY |
| 10/26/2007 | O Charley's Lexington | \$84.87 | No Itemized Support | Lexington, KY |
| 10/29/2007 | Max and Erma's | \$37.83 | No Itemized Support | Lexington, KY |
| 11/2/2007 | DNS Made Easy | \$37.90 | No Support | Technology/Computer |
| 11/9/2007 | Hamgo | \$748.25 | No Support | |
| 11/9/2007 | Walmart.com | \$663.00 | No Support | Wii Supplies |
| 11/9/2007 | O Charley's Lexington | \$37.11 | No Itemized Support | Lexington, KY |
| 11/13/2007 | Newslibrary.com | \$2.95 | No Support | |
| 11/13/2007 | Newslibrary.com | \$2.95 | No Support | |

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| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------|---------------------------|---|--|
| 12/11/2007 | TGI Friday's | \$32.13 | No Itemized Support | Lexington, KY |
| 12/14/2007 | Semsons & CO Inc. | \$285.99 | No Support | |
| 12/21/2007 | Garmin International | \$314.99 | No Support | |
| 12/26/2007 | Delta Air | \$350.00 | No Support | Crown Room Membership Listed on Credit Card Statement |
| 12/26/2007 | Delta Air | \$515.10 | No Support | Lexington to Melbourne and Return |
| 12/27/2007 | Applebee's | \$21.56 | No Itemized Support | Lexington, KY |
| 12/31/2007 | National City Bank | \$321.02 | Finance Charges, Late Fee, Annual Fees | For 2007 |
| 1/8/2008 | Microsoft Technet | \$263.94 | No Support | |
| 1/10/2008 | Symantec Myord.com | \$99.99 | No Support | |
| 1/16/2008 | Geotrust | \$260.00 | No Support | |
| 1/22/2008 | Plimus.com | \$44.85 | No Support | |
| 1/22/2008 | Dudley's Lexington | \$179.99 | No Itemized Support | Lexington, KY |
| 1/26/2008 | Smarte Carte FL | \$3.00 | No Support | Melbourne, FL |
| 1/26/2008 | Wal Mart | \$55.02 | Beer, Pretzels, Peanuts | Melbourne, FL |
| 1/28/2008 | Kennedy Space Center | \$146.28 | No Itemized Support | FL |
| 1/31/2008 | Portofino's Lex | \$97.48 | No Itemized Support | Lexington, KY |
| 2/22/2008 | The GPS Store | \$639.85 | Handheld GPS w/Marine Charts and related items. | For former Executive Director |
| 2/22/2008 | The GPS Store | \$138.90 | Handheld GPS w/Marine Charts and related items. | For former Executive Director |
| 2/24/2008 | Digital Pressworks | \$113.27 | No Support | |
| 2/26/2008 | Wendy's | \$11.64 | Meals | Richmond, KY |
| 2/27/2008 | Digital Pressworks | \$264.71 | Inland Rivers SD Card For GPS | For former Executive Director |
| 3/13/2008 | Max and Erma's Lex | \$39.75 | No Itemized Support | Lexington, KY |
| 3/25/2008 | Garmin International | \$389.26 | GPS Alps and Greece | For former Executive Director |
| 3/28/2008 | CHS @ Creative | \$25.88 | No Itemized Support; Meals | |
| 4/3/2008 | CHS @ Creative | \$19.67 | No Itemized Support; Meals | Lexington, KY |
| 4/4/2008 | CHS @ Creative | \$37.39 | Meals | Lexington, KY |
| 4/7/2008 | Cracker Barrel | \$39.39 | No Itemized Support; Meals | Lexington, KY |
| 4/10/2008 | CHS @ Creative | \$16.04 | No Itemized Support; Meals | Lexington, KY |
| 4/11/2008 | CHS @ Creative | \$10.15 | No Itemized Support; Meals | Lexington, KY |
| 4/18/2008 | Delta Air | \$514.00 | No Support | Lexington to Denver and return- 4/27; Not for Cardholder |
| 4/18/2008 | Delta Air | \$514.00 | No Support | Lexington to Denver and Return- 4/27 |
| 4/18/2008 | Airports Council International | \$795.00 | No Support | |
| 4/27/2008 | Village Tavern | \$73.27 | No Itemized Support | |
| 5/7/2008 | TomTom.Com | \$79.95 | Map of Italy | For former Executive Director |

**Former Director of Administration and Finance
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------------|---------------------------|---|---|
| 5/22/2008 | Asian Wind | \$35.95 | No Itemized Support | Lexington, KY |
| 5/27/2008 | Max and Ermas Lex | \$29.27 | No Itemized Support | Lexington, KY |
| 5/29/2008 | TomTom.com | \$79.89 | Carry Case and Strap, Leather Case and Strap | |
| 5/31/2008 | Papa Johns | \$45.00 | No Itemized Support | Lexington, KY |
| 6/9/2008 | Champions Pro Shop | \$159.00 | No Itemized Support | Nicholasville, KY |
| 6/19/2008 | Experts Exchange LLC | \$99.50 | No Support | |
| 7/1/2008 | Chuck's Steak House SC | \$167.34 | No Itemized Support | Myrtle Beach, SC |
| 7/1/2008 | Chili's Bar N Bites | \$22.58 | No Itemized Support | Atlanta, GA |
| 7/1/2008 | Jones Byrd Clubhouse NC | \$458.37 | 6 Rounds of golf, 1gd pocket coin, 1 sharpie, 2 Polos, 6 Pinn 15 ball packs, tees, 1 dorfman safari | North Carolina |
| 7/4/2008 | Network Solutions, LLC | \$34.99 | No Support | |
| 7/8/2008 | CHS@Creative | \$12.31 | No Itemized Support | Lexington, KY |
| 7/17/2008 | Panera Bread | \$21.58 | Meals | Lexington, KY |
| 7/17/2008 | Panera Bread | \$14.08 | Meals | Lexington, KY |
| 7/25/2008 | Everyone.net | \$24.95 | No Support | |
| 9/16/2008 | Asian Wind | \$18.25 | No Itemized Support | Lexington, Ky |
| 9/21/2008 | Union Oyster House Boston MA | \$13.50 | No Itemized Support | |
| 9/21/2008 | Union Oyster House Boston MA | \$26.75 | No Itemized Support | |
| 9/22/2008 | Aramark Fenway Park Boson, MA | \$200.00 | 2 Jackets and 2 Caps | |
| 9/24/2008 | Delta Air | \$630.00 | Lexington to San Diego and Return | Not for Cardholder |
| 9/24/2008 | Delta Air | \$25.00 | No Support | |
| 9/24/2008 | Hampshire House Boston MA | \$96.65 | No Itemized Support | |
| 9/27/2008 | Scandisc Corp | \$137.10 | 2 Flash Drives for former Executive Director | Email Provided |
| 10/1/2008 | O Charley's | \$53.05 | No Itemized Support | Lexington, KY |
| 10/7/2008 | Marriott Lexington | \$220.18 | No Itemized Support | Meals |
| 10/14/2008 | Papa Johns | \$30.20 | No Itemized Support | Lexington, KY |
| 10/29/2008 | CHS Creative | \$21.87 | No Itemized Support | Meals |
| 11/4/2008 | Asian Wind | \$25.62 | No Itemized Support | For Staff (Directors) |
| 11/4/2008 | Amazon.Com | \$1,692.14 | Canon EF 70-220mm Telephoto Zoom Lens for Canon SLR Cameras | Requested to Order per former Executive Director |
| 11/12/2008 | CHS Creative | \$11.70 | No Itemized Support | Meals |
| 11/12/2008 | TIVO Service | \$3,826.62 | No Itemized Support | TIVO Units. Returned and Should have been removed on December Statement, Entire Amount Not Credited back; Credit Short \$1,271.95 |

**Former Director of Administration and Finance
 Questioned Credit Card Transactions
 January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------|---------------------------|---|---|
| 11/12/2008 | LCD Digital | \$1,299.94 | 3 8.4" LCD Tv's Digital Ready for 3 Directors' Vehicles | Purchase Requested by former Executive Director |
| 11/15/2008 | HP Product SVC and Support | \$157.94 | No Support | |
| 11/19/2008 | MYRADIOSTORE.COM | \$197.29 | No Itemized Support | Email Identified an accessory for former Executive Director's satellite radio |
| 12/4/2008 | Asian Wind | \$43.79 | No Support | Lexington, KY |
| 12/8/2008 | Microsoft Technet | \$263.94 | No Support | |
| 12/10/2008 | The Cincinnati Hotel | \$345.65 | No Support | |
| 12/23/2008 | Sage Abra | \$325.65 | No Support | |
| 12/31/2008 | National City Bank | \$451.35 | Finance Charges, Late Fee, Annual Fees | For 2008 |

Total Questionable or Unsupported Expenditures: \$61,676.00

**Former Director of Administration and Finance
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|--|
| 2/1/2006 | \$45.95 | 2/3/2006 | Reimbursement for internet |
| 2/17/2006 | \$33.95 | 2/17/2006 | Waffle House; No Documentation |
| 2/17/2006 | \$10.18 | 2/17/2006 | Lunch @ Creative Croissants |
| 2/18/2006 | \$102.00 | 2/17/2006 | Myrtle Beach 7/05; No Documentation |
| 2/19/2006 | \$168.17 | 2/17/2006 | Colorado Springs 10/05; No Documentation |
| 2/20/2006 | \$50.00 | 2/17/2006 | Washington DC 11/05; No Documentation |
| 2/21/2006 | \$156.00 | 2/17/2006 | NYC 12/05; No Documentation |
| 2/28/2006 | \$45.95 | 3/17/2006 | Reimbursement for internet |
| 3/31/2006 | \$45.95 | 4/3/2006 | Reimbursement for internet |
| 4/25/2006 | \$35.00 | 7/21/2006 | \$35 dinner on 4/25 expense report; No Documentation |
| 5/1/2006 | \$45.95 | 5/5/2006 | Reimbursement for Internet |
| 5/31/2006 | \$45.95 | 6/2/2006 | Reimbursement for Internet |
| 6/15/2006 | \$45.95 | 7/21/2006 | Reimbursement for internet |
| 7/15/2006 | \$45.95 | 8/11/2006 | Reimbursement for internet |
| 8/15/2006 | \$45.95 | 8/25/2006 | Reimbursement for internet |
| 9/15/2006 | \$45.95 | 9/30/2006 | Reimbursement for internet |
| 10/15/2006 | \$45.95 | 11/3/2006 | Reimbursement for internet |
| 11/15/2006 | \$45.95 | 12/5/2006 | Reimbursement for internet |
| 12/15/2006 | \$45.95 | 12/29/2006 | Reimbursement for internet |
| 1/12/2007 | \$52.40 | 2/9/2007 | Bookstore purchase in HI Airport |
| 1/18/2007 | \$45.95 | 2/9/2007 | Reimbursement for internet |
| 2/15/2007 | \$45.95 | 3/15/2007 | Reimbursement for internet |
| 3/15/2007 | \$44.95 | 4/13/2007 | Reimbursement for internet |
| 3/16/2007 | \$750.00 | 3/16/2007 | Marketing |
| 4/15/2007 | \$44.95 | 5/10/2007 | Reimbursement for internet |
| 5/15/2007 | \$44.95 | 6/6/2007 | Reimbursement for internet |
| 5/31/2007 | \$140.20 | 8/17/2007 | 2 Rascal Flatts tickets- Marketing |
| 6/15/2007 | \$44.95 | 6/29/2007 | Reimbursement for internet |
| 7/15/2007 | \$44.95 | 7/27/2007 | Reimbursement for internet |
| 8/15/2007 | \$44.95 | 9/6/2007 | Reimbursement for internet |
| 8/20/2007 | \$35.90 | 8/24/2007 | Balls & Mulligans- Mt. Sterling Chamber golf |
| 9/15/2007 | \$44.95 | 10/17/2007 | Reimbursement for internet |
| 10/15/2007 | \$44.95 | 10/31/2007 | Reimbursement for internet |
| 10/20/2007 | \$125.00 | 10/20/2007 | NAC - New Orleans |
| 11/15/2007 | \$44.95 | 11/30/2007 | Reimbursement for internet |
| 12/15/2007 | \$44.95 | 1/8/2008 | Reimbursement for internet |
| 2/6/2008 | \$44.95 | 2/8/2008 | Reimbursement for internet |
| 3/5/2008 | \$44.95 | 3/7/2008 | Reimbursement for internet |
| 4/14/2008 | \$20.00 | 4/25/2008 | Budgetary books - no receipt |
| 4/28/2008 | \$20.00 | 5/30/2008 | Rocky Mountain - Weekly Permit |
| 5/2/2008 | \$44.95 | 5/9/2008 | Reimbursement for internet |
| 5/28/2008 | \$44.95 | 5/30/2008 | Reimbursement for internet |

**Former Director of Administration and Finance
Questioned Direct Payments
January 1, 2006 – December 31, 2008**

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|------------------------------|
| 6/9/2008 | \$40.00 | 7/3/2008 | Mulligans for Boy Scout golf |
| 6/30/2008 | \$44.95 | 7/3/2008 | Reimbursement for internet |
| 8/25/2008 | \$44.95 | 8/25/2008 | Reimbursement for internet |
| 9/4/2008 | \$44.95 | 9/5/2008 | Reimbursement for internet |
| 10/6/2008 | \$44.95 | 10/13/2008 | Reimbursement for internet |
| 10/14/2008 | \$19.98 | 11/25/2008 | Beer @ Liquor Barn |
| 11/3/2008 | \$44.95 | 11/7/2008 | Reimbursement for internet |
| 12/8/2008 | \$44.95 | 12/8/2008 | Reimbursement for internet |
| 12/29/2008 | \$44.95 | 12/31/2008 | Reimbursement for internet |

Total Questionable or Unsupported Expenditures: \$3,346.03

**Former Director of Planning and Development
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|---|--|
| 1/9/2006 | Pure Paradise | \$20.78 | | Receipt notes Gift; former Executive Director |
| 1/12/2006 | Francis H I'I Brown | \$480.20 | Resort golf fee, rental clubs, balls | |
| 1/24/2006 | Country Club | \$96.00 | Meals | Receipt notes dinner - FAA conference |
| 1/24/2006 | Embassy Suites | \$43.00 | Meals | Receipt notes Lunch @ FAA conference |
| 1/30/2006 | Late Fees | \$29.00 | | |
| 2/10/2006 | Ruby Tuesday | \$68.00 | Meals | Receipt notes for Directors lunch meeting |
| 2/23/2006 | Hyatt Hotels Lake Tahoe | \$115.00 | | Receipt notes for T&T |
| 2/26/2006 | Lake Tahoe Horizon | \$13.00 | | Receipt notes for T&T |
| 3/9/2006 | Applebee's (Lexington) | \$60.00 | Meals | Receipt notes for Directors lunch meeting |
| 3/17/2006 | Ramsey's (Lexington) | \$31.00 | Meals | Receipt notes for Directors lunch meeting |
| 3/23/2006 | Max & Erma's (Lexington) | \$90.00 | Meals | Receipt notes for Directors lunch meeting |
| 4/1/2006 | United Food & Fuel | \$50.00 | No Support | |
| 4/19/2006 | Azur Restaurant (Lexington) | \$88.00 | Meals | Receipt notes for Directors lunch meeting |
| 4/24/2006 | Clamatos, LLC | \$44.00 | Meals | Receipt notes for RSA Team lunch mtg |
| 5/8/2006 | O'Charley's (Lexington) | \$70.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 5/17/2006 | Collins Southland | \$291.50 | Unable to determine purchase from receipt | Receipt notes for Team Building Exercise |
| 5/30/2006 | Late Fee | \$29.00 | | |
| 6/2/2006 | Max & Erma's (Lexington) | \$75.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 6/8/2006 | Stoneleigh Motel | \$113.85 | Hotel | |
| 6/27/2006 | Delta Air | \$400.00 | No Support | |
| 7/3/2006 | Buffalo Wild Wings (Lexington) | \$25.00 | Unable to determine purchase from receipt | Receipt notes for Director's lunch mtg |
| 7/9/2006 | Lafayette Rd. Corp | \$40.00 | Unable to determine purchase from receipt | Receipt notes for Dinner |
| 7/18/2006 | Aramark - Applebee's Park (Lexington) | \$30.00 | Unable to determine purchase from receipt | Receipt notes for Mktg for Director of Marketing |
| 7/18/2006 | Alfredo's Café (Lexington) | \$20.00 | Unable to determine purchase from receipt | Receipt notes for Mktg for Director of Marketing |
| 7/21/2006 | Houston Oaks Golf Course | \$62.40 | | Receipt notes for Golf Outing |
| 7/27/2006 | Thoroughbred Club (Lexington) | \$100.00 | Unable to determine purchase from receipt | Receipt notes for TAC Air Lunch Mtg. |
| 7/31/2006 | Late Fee | \$39.00 | | |

**Former Director of Planning and Development
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

Appendix 4

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|-----------------------------|--------------------|--|--|
| 8/8/2006 | The Honeybaked Ham Company | \$69.07 | Ham, Rolls, Swiss, & Cheddar | Receipt notes for Bereavement Meal |
| 8/18/2006 | Evan's Firearms & Archery | \$476.41 | Shotgun | |
| 8/18/2006 | Murray's (Lexington) | \$60.00 | Unable to determine purchase from receipt | Receipt notes for Paving Weekend |
| 8/20/2006 | Johnny Carinos (Lexington) | \$460.00 | Meals | Receipt notes for Special Events - Paving Weekend |
| 8/22/2006 | Dick's Sporting Goods | \$636.00 | 26 shirts | Half was charged to Manager of Administration's card |
| 8/22/2006 | Dick's Sporting Goods | \$282.31 | Clay targets, Polos, shotgun cleaning kit, target load, shells | |
| 8/25/2006 | Kmart | \$101.46 | Vests, Dove & Quail, Guncase, Shell Bag | |
| 8/29/2006 | Bluegrass Council | \$140.00 | No Support | |
| 9/14/2006 | Turf Catering/Keeneland | \$25.00 | Unable to determine purchase from receipt | Receipt notes for KAA Conf - Spec. Events |
| 9/21/2006 | Murray's (Lexington) | \$33.00 | Unable to determine purchase from receipt | Receipt notes for BGA Golf Outing |
| 9/21/2006 | Murray's (Lexington) | \$165.00 | Unable to determine purchase from receipt | Receipt notes for BGA Golf Outing |
| 9/29/2006 | Late Fee | \$39.00 | | |
| 10/3/2006 | Delta Air | \$934.41 | Ticket | Itinerary noted, however a statement detailing the amount charged was not identified |
| 10/4/2006 | Deshas | \$100.00 | Unable to determine purchase from receipt | Receipt notes for KLC Awards Luncheon |
| 10/12/2006 | Old Ebbitt Grill | \$80.00 | Meals | |
| 10/13/2006 | Loews L'Enfant | \$70.00 | No Support | |
| 10/13/2006 | Hyatt Regency | \$8.26 | No Support | |
| 10/13/2006 | Old Ebbitt Grill | \$185.00 | Unable to determine purchase from receipt | Receipt notes for Dinner - FAA visit |
| 10/13/2006 | Old Ebbitt Grill | \$36.00 | Meals | |
| 10/13/2006 | Hyatt Regency | \$773.59 | Hotel/Travel | |
| 10/17/2006 | Bamboo Bedford | \$27.00 | Unable to determine purchase from receipt | Receipt notes for Dinner - FAA visit |
| 10/23/2006 | American Air | \$158.60 | No Support | Statement says FAA A/P Engr. Conf |
| 10/23/2006 | Travelocity.com | \$5.00 | No Support | |
| 10/24/2006 | Mai Thai Restaurant | \$25.00 | No Support | |
| 10/26/2006 | Turf Catering/Keeneland | \$259.70 | Unable to determine purchase from receipt | Receipt notes for marketing |
| 11/14/2006 | Azur Restaurant (Lexington) | \$100.00 | Meals | Receipt notes for Directors lunch mtg |

**Former Director of Planning and Development
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-----------------------------|---------------------------|---|---|
| 11/17/2006 | Sofitel Hotels | \$390.98 | No Support | Says receipt included with expense report |
| 12/1/2006 | The Chef @ Labrot | \$220.00 | | |
| 12/10/2006 | Allsports | \$121.89 | Bengals Jacket & Steelers | Christmas Gifts |
| 12/10/2006 | Day By Day Calendar Company | \$12.71 | Calendar | Christmas Gifts |
| 12/11/2006 | Bed, Bath and Beyond | \$43.05 | Candles, Tart burners, Tarts | Christmas Gifts |
| 12/12/2006 | The Paradies Shops | \$29.67 | NCAA Promo Hoody | Christmas Gifts |
| 12/15/2006 | The Chef @ Labrot | \$190.00 | Meals | Receipt notes for regional roundtable lunch |
| 12/16/2006 | Marriott (Lexington) | \$80.00 | | Receipt notes for "JSR Wedding" |
| 12/27/2006 | Logan's Roadhouse | \$52.00 | Meals | Receipt notes for Directors lunch mtg |
| 12/29/2006 | Late Fee | \$39.00 | | |
| 1/24/2007 | Coffee Pub (Lexington) | \$67.00 | Meals | Receipt notes for T&T |
| 3/22/2007 | The Pub (Lexington) | \$75.88 | Meals | Receipt notes for Directors lunch mtg |
| 4/10/2007 | Ramsey's (Lexington) | \$65.00 | Meals | Receipt notes for NAI Lunch |
| 5/14/2007 | Beef O Brady's (Lexington) | \$43.00 | Meals | Receipt notes for Directors lunch mtg |
| 5/29/2007 | Max & Erma's (Lexington) | \$67.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 6/8/2007 | Applebee's (Lexington) | \$60.00 | Unable to determine purchase from receipt | Receipt notes for LFUCG lunch mtg |
| 6/15/2007 | Ramsey's (Lexington) | \$48.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 6/19/2007 | Amoco Oil | \$8.89 | Unable to determine purchase from receipt | Receipt notes for RSA Progress mtg |
| 6/28/2007 | Late Fee | \$29.00 | | |
| 7/11/2007 | Hatties | \$20.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 7/27/2007 | Woodford Hills | \$108.00 | Unable to determine purchase from receipt | Receipt notes for Golf outing |
| 8/3/2007 | Delta Air | \$385.60 | Ticket | |
| 8/21/2007 | Max & Erma's (Lexington) | \$115.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 8/24/2007 | Cardinal Hall of Fame Café | \$62.00 | Unable to determine purchase from receipt | Receipt notes for LRAA visit |
| 8/29/2007 | Asian Wind | \$35.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 8/29/2007 | Late Fee | \$29.00 | | |

**Former Director of Planning and Development
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

Appendix 4

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------------|---------------------------|---|--|
| 9/24/2007 | Max & Erma's (Lexington) | \$148.00 | Unable to determine purchase from receipt | Receipt notes for GPT visit |
| 9/28/2007 | Late Fee | \$39.00 | | |
| 10/3/2007 | The Ketch (Lexington) | \$45.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 10/9/2007 | Airport Food Mart (Lexington) | \$12.70 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 10/11/2007 | Delta Air | \$965.10 | Ticket | No notation what flight was for |
| 10/12/2007 | Max & Erma's (Lexington) | \$86.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 10/21/2007 | Ambrosia | \$61.65 | Unable to determine purchase from receipt | Receipt notes for NEPA Conf |
| 10/23/2007 | Hyatt Hotels | \$623.10 | Hotel | Receipt notes for NEPA Desk Ref Workshop |
| 10/24/2007 | Paradies | \$12.19 | Keeneland Program, Handicapper | Receipt notes for Delta A/L Visit |
| 10/25/2007 | Interstate Barbeque | \$55.00 | Unable to determine purchase from receipt | Receipt notes for FAA Visit Lunch |
| 10/29/2007 | Sportsman Warehouse | \$230.30 | Ammunition | |
| 10/30/2007 | Kroger | \$5.99 | Cheese, Sausage | Receipt notes for Fall Fest |
| 10/30/2007 | BSGL Skeet and Sporting | \$60.00 | Unable to determine purchase from receipt | |
| 10/31/2007 | Dick's Clothing & Sporting Goods | \$50.71 | Game load - 12 gauge/20 gauge | |
| 10/31/2007 | Court Street Bakery | \$18.55 | Unable to determine purchase from receipt | Receipt notes for Office Treats |
| 11/3/2007 | Bluegrass Council | \$80.00 | No Support | |
| 11/6/2007 | Railheads | \$140.00 | Unable to determine purchase from receipt | Receipt notes T&T |
| 11/8/2007 | Walmart.com | \$663.00 | Wii games, Wii console, Wii controllers, | |
| 11/12/2007 | Asian Wind | \$35.00 | Unable to determine purchase from receipt | |
| 11/17/2007 | Wilson Nurseries | \$28.61 | Vertical wall organizer | Christmas gift for former Executive Director |
| 11/30/2007 | The Home Depot | \$230.74 | Sharpener, Tie Downs, Tools | Christmas gift |
| 11/30/2007 | Airport Food Mart (Lexington) | \$25.81 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 12/8/2007 | Woodford Reserve Distillery | \$42.40 | Barrel Head | Christmas gift |
| 12/10/2007 | Delta Air | \$848.81 | Ticket | No notation what flight was for |
| 12/17/2007 | Delta Air | \$1,025.09 | Ticket | No notation what flight was for |

**Former Director of Planning and Development
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

Appendix 4

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------------------|---------------------------|---|---|
| 1/18/2008 | Delta Air | \$879.00 | Ticket | Receipt notes for FAA Visit |
| 1/29/2008 | Thoroughbred Club | \$78.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 1/30/2008 | Houlihans Restaurant | \$30.00 | Unable to determine purchase from receipt | Receipt notes FAA Atl visit |
| 1/30/2008 | Late Fee | \$39.00 | | |
| 2/1/2008 | Delta Air | \$618.98 | Ticket | Receipt notes for AAAE/ACC - Denver, CO |
| 3/5/2008 | Ramsey's (Lexington) | \$80.00 | Unable to determine purchase from receipt | Receipt notes for lunch; SMS Project |
| 3/17/2008 | El Chico (Lexington) | \$84.00 | Unable to determine purchase from receipt | Receipt notes for Directors lunch mtg |
| 3/28/2008 | Late Fee | \$39.00 | | |
| 3/29/2008 | Thoroughbred Club (Lexington) | \$62.00 | | Receipt notes lunch mtg |
| 4/15/2008 | Kilbern's (Lexington) | \$33.00 | Unable to determine purchase from receipt | Receipt notes for business lunch |
| 5/15/2008 | Delta Air | \$451.50 | Ticket | Unclear business purpose |
| 6/2/2008 | Buddy's Bar and Grill (Lexington) | \$48.00 | Unable to determine purchase from receipt | Receipt notes for MAG, JPS, CB of LFUCG |
| 6/27/2008 | El Chico (Lexington) | \$85.00 | Unable to determine purchase from receipt | Receipt notes for lunch mtg w/ Tetratch |
| 7/16/2008 | Azure Restaurant (Lexington) | \$200.00 | Unable to determine purchase from receipt | Receipt notes for FAA Dinner |
| 7/16/2008 | Sal's Italian Chophouse (Lexington) | \$25.00 | Unable to determine purchase from receipt | Receipt notes FAA |
| 7/24/2008 | Marriott (Lexington) | \$30.00 | Unable to determine purchase from receipt | Receipt notes for JPS & JGC appetizers |
| 7/25/2008 | Sal's Italian Chophouse (Lexington) | \$84.00 | No Support | |
| 7/28/2008 | Red Eye Café | \$13.00 | Unable to determine purchase from receipt | Receipt notes for JPS breakfast |
| 8/7/2008 | Woodford County Chamber of Commerce | \$80.00 | Unable to determine purchase from receipt | Receipt notes for Chamber Golf outing |
| 8/27/2008 | Tony Roma's (Lexington) | \$90.00 | Unable to determine purchase from receipt | |
| 9/2/2008 | CHS @ Creative | \$38.00 | No Support | |
| 9/6/2008 | Delta Air | \$512.00 | Ticket | |
| 9/11/2008 | Turf Catering/Keeneland | \$140.00 | Unable to determine purchase from receipt | |
| 9/20/2008 | Holiday Inn | \$241.58 | Hotel | |
| 9/21/2008 | Marriott Champions | \$100.00 | Unable to determine purchase from receipt | |

**Former Director of Planning and Development
 Questioned Credit Card Transactions
 January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------|---------------------------|---|--|
| 9/23/2008 | McGreevys | \$15.00 | Unable to determine purchase from receipt | Receipt notes lunch |
| 9/23/2008 | The Souvenir Store | \$100.00 | Unable to determine purchase from receipt | |
| 9/25/2008 | Legal Sea Foods | \$38.00 | Unable to determine purchase from receipt | Receipt notes lunch |
| 12/3/2008 | Asian Wind | \$53.00 | | Receipt notes for Director's lunch mtg |
| 2008 | Late Fee | \$29.00 | | |

Total Questionable or Unsupported Expenditures: \$20,020.02

Former Director of Planning and Development
Questioned Direct Payments
January 1, 2006 – December 31, 2008

Appendix 4

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|--|
| 1/10/2006 | \$515.59 | 1/27/2006 | Golf outing charged to the credit card as identified on the expense report |
| 5/4/2007 | \$67.00 | 5/10/2007 | Passport for Cardholder |
| 10/9/2008 | \$28.00 | 10/17/2008 | Cash expenses at Keeneland |

Total Questionable or Unsupported Expenditures: \$610.59

Director of Marketing and Community Relations
Questioned Credit Card Transactions
August 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|-------------------------------|--------------------|---------------------|--|
| 8/17/2006 | Delta AIR | \$10.00 | No Support | DC |
| 8/17/2006 | Delta AIR | \$10.00 | No Support | DC |
| 8/17/2006 | Delta AIR (John Rhodes) | \$208.90 | No Support | DC - Henry Clay Society Dinner |
| 8/17/2006 | Delta Air | \$208.90 | No Support | DC - Henry Clay Society Dinner |
| 8/23/2006 | Murray's Lex. KY | \$28.67 | No Support | United Express/former Exec. Dir |
| 8/23/2006 | Murray's Lex. KY | \$119.23 | No Support | United Express/former Exec. Dir |
| 9/4/2006 | Jeff's Car Wash | \$10.00 | No Support | Car Wash |
| 9/9/2006 | Papa Johns | \$34.11 | No Itemized Support | Delta |
| 9/9/2006 | The Men's Wearhouse | \$689.52 | Clothes | Tux |
| 9/9/2006 | The Men's Wearhouse | \$10.60 | Clothes | Tux Deposit |
| 9/14/2006 | Steller News Landside | \$6.47 | No Itemized Support | |
| 9/26/2006 | Concord Cleaners | \$21.36 | Clothes | Tux Cleaning |
| 9/28/2006 | Marriott TX | \$50.06 | No Itemized Support | AA (Floss and Temples) |
| 9/28/2006 | Aramark -Turner Field GA | \$95.00 | No Itemized Support | Per Cardholder: Braves Game. In attendance Delta, Cardholder and former Executive Director |
| 9/30/2006 | Delta Air | \$450.00 | No Support | Per Cardholder: for Delta Crowne Room Membership per former Executive Director |
| 10/4/2006 | Liquor Barn | \$66.98 | Liquor | 2 bottles Wine |
| 10/10/2006 | Dick Clarks Bandstand - UT | \$31.96 | No Itemized Support | |
| 10/16/2006 | Azur Restaurant and Bar - Lex | \$40.00 | No Itemized Support | AA Sales Meeting |
| 10/16/2006 | Atlanta Bread Co | \$202.76 | Meal | Fall Conference |
| 10/17/2006 | The Boyd Group | \$995.00 | No Support | |
| 10/19/2006 | The Courtyard Deli - Lex | \$14.78 | No Support | Meals |
| 10/20/2006 | Cinemark Fayette Mall | \$21.25 | No Itemized Support | |
| 11/3/2006 | Great Harvest Bread Co | \$20.26 | No Itemized Support | Breakfast |
| 11/3/2006 | Waffle House | \$36.00 | No Itemized Support | Mgt. Meeting |
| 11/8/2006 | KING Soopers | \$23.04 | Snacks | Bakery |
| 11/13/2006 | O'Hare Bar & Grill | \$28.71 | No Itemized Support | UA Visit |
| 11/15/2006 | Thoroughbred Club | \$84.44 | No Itemized Support | Mgt. Meeting |
| 11/21/2006 | Ramsey's - Lex | \$27.90 | No Itemized Support | Mgt. Meeting |
| 11/25/2006 | Amy's Candy Kitchen | \$67.92 | No Itemized Support | Airline Gift |
| 11/27/2006 | Portofino - Lex | \$38.81 | No Itemized Support | Meals |
| 11/29/2006 | Finance Charges | \$93.78 | Finance Chgs | |
| 12/5/2006 | Moe's Grill - Cin, OH | \$16.76 | No Itemized Support | |
| 12/5/2006 | Hotel Sofitel - Minneapolis | \$123.47 | No Itemized Support | |
| 12/5/2006 | Pete's Coffee | \$7.81 | Meal | |
| 12/7/2006 | Dudley's - Lex. | \$49.34 | No Itemized Support | Lunch |

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Appendix 5

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|--------------------------------------|--------------------|---------------------|--|
| 12/8/2006 | Nadine's - Lex | \$36.65 | No Itemized Support | Lunch |
| 12/9/2006 | Mellow Mushroom | \$47.06 | No Itemized Support | |
| 12/9/2006 | Liquor Barn | \$60.62 | Liquor | 4-Corona; 1 Chandon P NR |
| 12/13/2006 | Azur Restaurant and Bar - Lex | \$44.74 | No Itemized Support | Lunch |
| 12/16/2006 | Rebecca Ruth | \$80.03 | No Itemized Support | Travel Agent |
| 12/16/2006 | Rebecca Ruth | \$25.33 | No Itemized Support | Travel Agent |
| 12/16/2006 | Godiva | \$44.24 | Gifts | Travel Agent |
| 12/19/2006 | Berkshire Trains | \$423.98 | No Itemized Support | Employee Christmas Giveaway |
| 12/20/2006 | Great Harvest Bread Co | \$119.70 | No Itemized Support | |
| 12/20/2006 | Starbucks - Lexington | \$7.63 | Meal | |
| 12/23/2006 | Amy's Candy Kitchen | \$20.58 | No Itemized Support | |
| 1/4/2007 | Coffee Pub | \$29.01 | No Itemized Support | Lunch |
| 1/10/2007 | Great Harvest Bread Co | \$29.25 | No Itemized Support | |
| 1/10/2007 | Godiva | \$55.97 | Gifts | Gifts |
| 1/10/2007 | UKAA Ticket Office | \$648.00 | No Support | March Madness Games |
| 1/22/2007 | Orbitz | \$2,372.90 | Training | |
| 1/23/2007 | Chops & Lobster Bar | \$1,110.34 | No Itemized Support | |
| 1/26/2007 | Azur Restaurant and Bar - Lex | \$35.32 | No Itemized Support | Lunch |
| 1/27/2007 | UK Bookstore | \$151.57 | Clothes | Clothes |
| 1/30/2007 | Mellow Mushroom | \$12.00 | No Itemized Support | Linch |
| 2/6/2007 | The Capital Grille - Scottsdale | \$515.58 | No Itemized Support | US Air |
| 2/6/2007 | Chili's Bar n Bites | \$24.44 | No Itemized Support | |
| 2/7/2007 | Nathans Famous | \$5.98 | No Itemized Support | |
| 2/8/2007 | Panera Bread - Lexington - Lexington | \$34.73 | No Itemized Support | Dinner |
| 2/9/2007 | Portofino - Lex | \$108.05 | No Itemized Support | |
| 2/14/2007 | Portofino - Lex | \$28.27 | No Itemized Support | Lunch |
| 2/15/2007 | The Village Vineyard | \$261.97 | Liquor | 2 Woodford Fou .750L, 1 Silver Oak 750 |
| 2/16/2007 | Starship Dining Yacht | \$572.50 | No Support | Hand Written Receipt |
| 2/22/2007 | Panera Bread - Lexington | \$7.93 | Meal | Lunch |
| 2/22/2007 | Clean Sweep | \$20.99 | No Support | Hand Written Receipt |
| 2/22/2007 | Starbucks | \$5.67 | No Support | Hand Written Receipt |
| 2/26/2007 | Panera Bread - Lexington | \$7.93 | Meal | Lunch |
| 2/26/2007 | Liquor Barn | \$64.35 | Liquor | Beer and Wine |
| 2/27/2007 | Vic & Anthony's Steakhouse | \$42.00 | No Itemized Support | |
| 2/27/2007 | Vic & Anthony's Steakhouse | \$677.72 | No Itemized Support | CO |
| 2/28/2007 | Hyatt Hotels TX | \$53.14 | No Support | |
| 3/1/2007 | Best Buy | \$423.99 | Equipment | Garmin |
| 3/3/2007 | Starship Dining Yacht | \$62.62 | No Itemized Support | |
| 3/3/2007 | County Inn & Suites | \$111.87 | No Support | |
| 3/4/2007 | Tradewinds Restaurant | \$17.61 | No Itemized Support | |

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| 3/4/2007 | Tradewinds Restaurant - BR Cuda | \$17.45 | No Itemized Support | |
| 3/4/2007 | Tradewinds Restaurant - BR Cuda | \$25.94 | No Itemized Support | |
| 3/4/2007 | Tradewinds Restaurant | \$11.56 | No Itemized Support | |
| 3/5/2007 | Best Western, FL | \$13.25 | No Itemized Support | |
| 3/5/2007 | Tradewinds Restaurant - BR Cuda | \$52.13 | Liquor | |
| 3/5/2007 | Tradewinds Restaurant | \$4.87 | No Support | |
| 3/7/2007 | Rum Runners | \$222.81 | No Itemized Support | |
| 3/9/2007 | West Wind Inn | \$279.72 | No Support | |
| 3/21/2007 | Papa Johns | \$155.04 | No Itemized Support | |
| 3/26/2007 | Panera Bread - Lexington | \$16.15 | Meal | Lunch |
| 3/27/2007 | Azur Restaurant and Bar - Lex | \$258.55 | No Itemized Support | 4 Guests |
| 3/28/2007 | Taste of China - Winchester | \$6.94 | No Itemized Support | Lunch |
| 3/29/2007 | Dudley's - Lex. | \$27.26 | No Itemized Support | Lunch - Opera House |
| 3/29/2007 | Finance Charge | \$90.37 | Finance Chgs | Finance Charges |
| 4/3/2007 | Lexington Legends | \$175.00 | No Itemized Support | Parking |
| 4/3/2007 | Panera Bread - Lexington | \$12.99 | Meal | UA - Lunch |
| 4/5/2007 | Panera Bread - Lexington | \$15.33 | Meal | Lunch |
| 4/10/2007 | Panera Bread - Lexington | \$16.49 | Meal | Lunch |
| 4/11/2007 | Turf Catering/Keeneland | \$86.78 | No Itemized Support | |
| 4/13/2007 | Hyatt Regency - Lexington | \$4.00 | No Itemized Support | AAAE |
| 4/13/2007 | The Paradies Shopes | \$90.05 | Candy | AAAE |
| 4/13/2007 | The Paradies Shopes | \$36.02 | Candy | AAAE |
| 4/13/2007 | Happy Limo | \$390.00 | No Support | AAAE; Limo |
| 4/15/2007 | Proof on Main | \$389.06 | No Itemized Support | AAAE |
| 4/15/2007 | Turf Catering/Keeneland | \$90.95 | No Itemized Support | AAAE |
| 4/20/2007 | Prep - Washington DC | \$500.00 | No Itemized Support | Top Cop |
| 4/21/2007 | The Village Vineyard | \$53.97 | Liquor | Gift Basket |
| 4/24/2007 | Creative Croissants - Airport Lex | \$6.97 | No Itemized Support | Lunch |
| 4/28/2007 | Equestrian Events, Inc. | \$40.81 | | Per Cardholder: Rolex KY Three Day Shop |
| 5/1/2007 | Gold Shield Transportation | \$90.00 | No Support | Limo |
| 5/2/2007 | Mellow Mushroom | \$30.00 | No Itemized Support | Meal |
| 5/3/2007 | Panera Bread - Lexington | \$16.71 | Meal | Lunch |
| 5/9/2007 | Pig N Whistle on 3rd | \$55.95 | No Itemized Support | Meal |
| 5/10/2007 | Chili's Margarita Bar | \$38.50 | No Itemized Support | NY -KY Tourism |
| 5/12/2007 | The Dubliner - Washington DC | \$205.68 | No Itemized Support | NY -KY Tourism |
| 5/13/2007 | Moe's Grill - Cin, OH | \$15.17 | No Itemized Support | Meal |
| 5/13/2007 | Hyatt Regency - Washington DC | \$250.75 | No Support | Per Credit Card Statement "Mike" |
| 5/16/2007 | T-Zero Bar - CO | \$12.76 | No Itemized Support | Meal |

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| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------------|---------------------------|---------------------|---|
| 5/16/2007 | T-Zero Bar - CO | \$16.93 | No Itemized Support | Meal |
| 5/17/2007 | T-Zero Bar - CO | \$208.35 | No Itemized Support | Meal |
| 5/20/2007 | Panera Bread - Lexington - Lexington | \$131.56 | Snacks | Cookies |
| 5/22/2007 | Coffee Pub | \$42.25 | No Itemized Support | Meal |
| | | | | |
| 5/27/2007 | Lexington Opera House Society | \$250.00 | No Support | Advertising |
| 5/30/2007 | E Stephen Hein Florist | \$79.50 | Flowers | Brass Band |
| 6/5/2007 | Applebee's | \$31.59 | No Itemized Support | Meal |
| 6/5/2007 | Panera Bread - Lexington | \$13.23 | Meal | Dinner |
| 6/6/2007 | Coffee Pub | \$20.64 | No Support | Meals |
| 6/8/2007 | Applebee's Park | \$2.75 | No Support | |
| 6/8/2007 | Applebee's Park | \$13.50 | No Support | |
| 6/9/2007 | Centre College | \$302.50 | No Itemized Support | Brass Band |
| | | | | Per receipt "Ice Cube Max 70 Roll" – "Brass Band" |
| 6/9/2007 | Dicks Sporting Goods | \$58.29 | | |
| 6/9/2007 | Kroger | \$36.05 | Drinks | Brass Band |
| 6/9/2007 | Macy's | \$286.19 | Luggage | AAAE |
| 6/13/2007 | Platinum Sedan | \$125.00 | No Support | |
| 6/14/2007 | Bluegrass Brewing Co. | \$21.62 | No Itemized Support | Meal |
| 6/14/2007 | Grand Hyatt - Washington | \$45.00 | Travel | \$45 Beer Charges |
| 6/15/2007 | Concord Custom Cleaners | \$54.85 | No Itemized Support | Cleaners |
| 6/16/2007 | Manarin Express | \$6.72 | No Itemized Support | Meal |
| 6/16/2007 | La Parrilla Suiza | \$48.39 | No Itemized Support | Meal |
| 6/17/2007 | Ventana Canyon Golf Shop | \$229.01 | No Support | |
| 6/17/2007 | Ventana Canyon Golf Shop | \$84.80 | No Support | |
| 6/17/2007 | Stubhub | \$491.55 | No Support | Houston Astros at Atlanta - 4 Tickets |
| 6/21/2007 | HMS Host | \$6.48 | Meal | |
| 6/21/2007 | HMS Host | \$7.11 | Misc | Magazine/Paper |
| 6/21/2007 | Loews Hotel Mini Bar | \$7.53 | No Support | |
| 6/23/2007 | Concord Custom Cleaners | \$25.40 | No Itemized Support | Legends |
| 6/27/2007 | Liquor Barn | \$476.43 | No Itemized Support | Jumpstart Gifts |
| 7/8/2007 | Aral TST Friedrich | \$85.86 | No Support | Fuel Rental Car |
| 7/10/2007 | Target | \$14.82 | Supplies | Memorex 5-Pkts |
| 7/19/2007 | Prince Hotels - HI | \$541.66 | No Support | |
| 7/22/2007 | Woodford Humane Society | \$275.60 | No Itemized Support | Freedom |
| 7/30/2007 | Late Fee/Finance Charges | \$177.95 | Finance Chgs | |
| 7/31/2007 | Braves Chophouse | \$265.00 | No Itemized Support | DL Airline Meeting in Atlanta |
| 8/1/2007 | Braves Chophouse | \$200.25 | No Itemized Support | DL Airline Meeting in Atlanta |
| 8/1/2007 | Mori Luggage | \$479.52 | No Itemized Support | Luggage |

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| 8/1/2007 | Atlantic Limousine | \$556.25 | Limo | Braves Game - DL Airline Meeting |
| 8/2/2007 | Hyatt Hotels | \$98.25 | No Itemized Support | DL Airline Meeting in Atlanta |
| 8/2/2007 | Atlantic Limousine | \$556.25 | Limo | |
| 8/2/2007 | Hyatt Hotels | \$8.61 | No Support | |
| 8/6/2007 | Man O War Golf | \$100.00 | Golf Lessons | Golf Lessons |
| 8/8/2007 | Dale Hallow Lake | \$12.28 | No Itemized Support | Lunch |
| 8/19/2007 | Man O War Golf | \$75.00 | Golf Lessons | Golf Lessons |
| 8/23/2007 | Wines on Vine | \$128.00 | No Itemized Support | Liquor |
| 8/23/2007 | Liquor Barn | \$156.89 | Liquor | Picnic with Pops |
| 8/25/2007 | Man O War Golf | \$75.00 | Golf Lessons | Golf Lessons |
| 8/30/2007 | Panera Bread - Lexington | \$9.51 | Meal | Lunch |
| 8/31/2007 | Concord Custom Cleaners | \$22.80 | No Itemized Support | Cleaners |
| 9/4/2007 | Smith & Wollensky | \$382.90 | No Itemized Support | UA Airline Planner MTG |
| 9/4/2007 | Bluegrass Brewing Co. | \$24.13 | No Itemized Support | UA Airline Planner MTG |
| 9/7/2007 | Trans Siberian Orch | \$208.00 | Concert | Four Tickets |
| 9/8/2007 | Man O War Golf | \$75.00 | Golf Lessons | Golf Lessons |
| 9/13/2007 | Thorobred Ownr | \$85.00 | No Itemized Support | |
| 9/17/2007 | Reed Business Information | \$950.00 | No Itemized Support | |
| 9/25/2007 | Hyatt Hotels - FL | \$495.35 | No Itemized Support | Meals |
| 9/26/2007 | Starbucks - Orlando | \$4.25 | Drink | |
| 10/2/2007 | Panera Bread - Lexington | \$16.38 | Meal | Lunch |
| 10/3/2007 | Coffee Pub | \$21.00 | No Itemized Support | Meals |
| 10/9/2007 | Granite City Food and Brewery | \$55.37 | No Itemized Support | NW Airline Planning Visit |
| 10/9/2007 | Airport Wireless | \$37.09 | Equipment | Helix Treo 650 Holster |
| 10/12/2007 | Woodford Reserve Distillery | \$169.18 | Gift | 8 Copper Stainless Travel Mug |
| 10/14/2007 | Boathouse - FL | \$22.12 | No Itemized Support | Meals |
| 10/16/2007 | Au Bon Pain | \$5.11 | Meal | |
| 10/17/2007 | Panera Bread - Lexington | \$10.88 | Meal | Lunch |
| 10/19/2007 | Metropol Restaurant - Lex | \$327.12 | No Itemized Support | Meals |
| 10/19/2007 | Marriott's Golf Pro Shop | \$328.60 | No Itemized Support | APPN |
| 10/20/2007 | Marriott Griffin Gate - Lexington | \$678.26 | Lodging/Meal | Appreciation Event |
| 10/21/2007 | Marriott Griffin Gate - Lexington | \$1,158.07 | Lodging/Meal | Appreciation Event (140.68 Meals) |
| 10/21/2007 | Marriott Griffin Gate - Lexington | \$678.26 | Lodging/Meal | Appreciation Event |
| 10/21/2007 | Marriott Griffin Gate - Lexington | \$1,017.39 | Lodging/Meal | Appreciation Event |
| 10/21/2007 | Marriott Griffin Gate - Lexington | \$80.38 | Lodging/Meal | Appreciation Event (80.38 Meals) |
| 10/26/2007 | Panera Bread - Lexington | \$17.86 | Meal | Lunch |

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|-------------------------|--------------------------------|---------------------------|---------------------|---|
| 10/30/2007 | Great Harvest Bread | \$10.78 | No Itemized Support | Meals |
| 11/1/2007 | Rum Runners | \$254.95 | No Itemized Support | Meals |
| 11/1/2007 | The Paradies Shopes | \$61.06 | No Itemized Support | Meals |
| 11/1/2007 | PF Chang | \$68.18 | No Itemized Support | Meals |
| 11/1/2007 | Lamonts | \$63.07 | Meal | |
| 11/2/2007 | Hooters - FL | \$48.30 | No Itemized Support | Meals |
| 11/3/2007 | Mandarian Express | \$7.25 | No Itemized Support | Meals |
| 11/3/2007 | Airport Wireless | \$37.44 | Equipment | Helix Treo 650 Holster |
| 11/8/2007 | Stubhub | \$1,437.55 | Tickets | "Approved by Mike" - Atlanta Hawks at San Antonio Spurs - 4 Tickets |
| 11/13/2007 | Walmart.Com | \$663.00 | No Support | "Receipt per Mike" |
| 11/14/2007 | Azur Restaurant- Lex | \$71.07 | No Itemized Support | Meals |
| 11/15/2007 | Mellow Mushroom | \$41.32 | No Itemized Support | Meals |
| 11/17/2007 | Metropol Restaurant - Lex | \$312.62 | No Itemized Support | Meals |
| 11/20/2007 | Ramsey's - Lex | \$33.90 | No Itemized Support | "Approved per Mike" |
| 11/21/2007 | Stubhub | \$729.75 | Tickets | Hannah Montana - 2 Tickets |
| 11/29/2007 | Finance Charge | \$157.84 | Finance Chgs | |
| 12/1/2007 | Stubhub | \$662.35 | No Itemized Support | Las Angeles Lakers at Denver Nuggets - 4 Tickets |
| 12/5/2007 | Ruby Tuesday - CO | \$15.00 | No Itemized Support | Meals |
| 12/5/2007 | Moe's Bar and Grill | \$14.17 | No Itemized Support | Meals |
| 12/5/2007 | Pepsi Center | \$13.50 | Meal | |
| 12/5/2007 | Pepsi Center | \$18.75 | Liquor | 3 Beers |
| 12/6/2007 | Subway - Hebron, KY | \$6.86 | Meal | |
| 12/11/2007 | Tickets Now | \$703.45 | No Itemized Support | |
| 12/13/2007 | Hyatt Regency - Lex | \$440.97 | No Support | |
| 12/14/2007 | Kentucky Horse Park | \$62.49 | No Itemized Support | |
| 12/15/2007 | Rebecca Ruth Candy | \$125.84 | No Itemized Support | Candy |
| 12/15/2007 | Sal's - Lex | \$85.00 | No Itemized Support | Lunch |
| 12/17/2007 | Shure | \$205.79 | No Itemized Support | |
| 12/17/2007 | All Pro Championships | \$393.26 | Shirts | 3 XL, 1 XXL Golf Shirt |
| 12/17/2007 | Godiva Chocolatier | \$2,227.44 | Candy | Gifts |
| 12/18/2007 | Godiva Chocolatier | \$450.48 | Candy | Gifts |
| 12/19/2007 | Godiva Chocolatier | \$154.18 | Candy | Gifts |
| 12/20/2007 | Godiva Chocolatier | \$118.20 | Candy | Gifts |
| 12/26/2007 | Airports Council International | \$475.00 | No Support | |
| 12/29/2007 | American Assn Airport | \$150.00 | No Support | |
| 12/29/2007 | American Assn Airport | \$425.00 | No Support | |
| 1/2/2008 | Great Harvest Bread | \$10.31 | No Support | Meal |
| 1/2/2008 | Walmart | \$13.29 | No Support | |
| 1/4/2008 | Time Warner Oceanic Cable | \$41.61 | No Support | |

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| 1/5/2008 | Pancho and Leftys Cantina | \$52.00 | No Itemized Support | Meals |
| 1/7/2008 | Allegiant | \$378.00 | No Support | |
| 1/8/2008 | Rio's of Kona | \$180.00 | Meal | AAAE Issues Conference |
| 1/8/2008 | Red Sail Sports | \$591.11 | No Support | |
| 1/9/2008 | Prince Hotels - HI | \$229.20 | No Support | |
| 1/9/2008 | Prince Hotels - HI | \$46.09 | No Support | |
| 1/12/2008 | Prince Hotels - HI | \$3,498.17 | No Itemized Support | AAAE Issues Conference |
| 1/13/2008 | Merriman's Kamuela | \$220.00 | No Support | |
| 1/16/2008 | Great Harvest Bread | \$12.35 | No Support | Meal |
| 1/16/2008 | Panera Bread - Lexington | \$17.60 | No Support | Meal |
| 1/17/2008 | Panera Bread - Lexington | \$28.01 | No Support | Meal |
| 1/22/2008 | Portofino | \$42.86 | No Support | Meal |
| 1/24/2008 | Cajun Cabin | \$50.00 | No Itemized Support | Meals |
| 1/25/2008 | Book Business Concrs | \$24.61 | No Support | |
| 1/26/2008 | Delta Air | \$72.40 | No Support | |
| 1/28/2008 | Panera Bread - Lexington | \$18.72 | No Support | Meal |
| 1/30/2008 | New Orleans Int' Airport | \$11.71 | No Support | |
| 2/4/2008 | Delta Air | \$80.00 | No Support | |
| 2/5/2008 | TGI Friday's | \$23.00 | No Support | |
| 2/6/2008 | Treasure Island Breeze | \$25.00 | No Support | |
| 2/6/2008 | Treasure Island Breeze | \$10.00 | No Support | |
| 2/6/2008 | Mirage Hotel Caribe | \$45.00 | No Support | |
| 2/7/2008 | Il Fornaio | \$78.00 | No Support | |
| 2/7/2008 | Treasure Island Htl | \$59.05 | No Support | |
| 2/8/2008 | Café Ba-Ba Reebea | \$70.00 | No Support | |
| 2/8/2008 | Treasure Island Htl | \$185.69 | No Support | |
| 2/8/2008 | Kahunaville Las Vegas | \$32.00 | No Support | |
| 2/13/2008 | Metropol Restaurant - Lex | \$190.88 | No Support | |
| 2/13/2008 | Lexington Ctr Box Office | \$202.00 | No Support | |
| 2/15/2008 | Allegiant | \$165.00 | No Support | |
| 2/15/2008 | Airports Council International | \$705.00 | No Support | |
| 2/15/2008 | Airports Council International | \$575.00 | No Support | |
| 2/16/2008 | Jeff's Car Wash | \$13.00 | No Support | |
| 2/19/2008 | Personal Touch Limousines | \$144.00 | No Support | |
| 2/19/2008 | Starbucks - Lex | \$4.19 | No Support | |
| 2/20/2008 | Starbucks - Lex | \$6.25 | No Support | |
| 2/22/2008 | Joseph Beth Booksellers | \$54.86 | No Support | |
| 2/22/2008 | Joseph Beth Booksellers | \$128.00 | No Support | |
| 2/24/2008 | Nathan's Famous | \$5.54 | No Support | |
| 2/25/2008 | SBC Center | \$195.00 | No Support | |
| 2/25/2008 | Sheraton Gunter | \$24.95 | No Support | |
| 2/27/2008 | HMS Host - TX | \$12.00 | No Itemized Support | Meals |
| 2/28/2008 | Great Steak and Potato Co - OH | \$6.13 | No Itemized Support | Meals |

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| 2/28/2008 | Late Fee/Finance Charges | \$39.00 | No Support | |
| 2/28/2008 | Late Fee/Finance Charges | \$145.19 | No Support | |
| 3/2/2008 | TM Blue Man Group | \$485.40 | No Support | Blue Man Group |
| 3/3/2008 | Dublin Square Irish Pub - CA | \$26.50 | No Itemized Support | Meals |
| 3/4/2008 | Marriott - CA | \$8.97 | No Itemized Support | Meals |
| 3/6/2008 | Panera Bread - Lexington | \$9.47 | Meal | Dinner |
| 3/9/2008 | Mellow Mushroom | \$25.97 | No Itemized Support | Meals |
| 3/11/2008 | 877 Spirits Inc | \$438.00 | No Itemized Support | Network 2008; Gift |
| 3/12/2008 | TM - Gypsy | \$219.10 | No Itemized Support | Program Sponsor |
| 3/12/2008 | Panera Bread - Lexington | \$30.77 | Meal | Pastries/Muffins |
| 3/12/2008 | Stubhub | \$544.35 | Tickets | Florida Marlins at Atlanta - 4 Tickets |
| 3/12/2008 | Portofino - Lex | \$50.28 | Meal | Lunch |
| 3/15/2008 | Office Max | \$23.08 | No Support | |
| 3/18/2008 | BTMA | \$15.00 | No Support | |
| 3/19/2008 | Lexington Ctr Box Office | \$64.00 | No Support | |
| 3/25/2008 | Office Max | \$15.89 | No Support | |
| 3/26/2008 | Dudley's - Lex | \$44.98 | No Support | |
| 3/27/2008 | First Crush Restaurant - CA | \$223.37 | No Itemized Support | Virgin America Airline Visit (Others) |
| 3/28/2008 | Cigar Bar and Grill - CA | \$70.00 | No Itemized Support | Meals |
| 3/28/2008 | House of Prime Rib | \$255.77 | No Itemized Support | Virgin America Airline Visit (Others) |
| 3/29/2008 | Perry's Restaurant - CA | \$21.81 | No Itemized Support | Virgin America Airline Visit (Self) |
| 4/4/2008 | Brio Tuscan Grille -TX | \$75.00 | No Itemized Support | ACI Media Conf/WN Airtime Visit (Others) |
| 4/4/2008 | Brio Tuscan Grille -TX | \$70.00 | No Itemized Support | Virgin America Airline Visit (Others) |
| 4/10/2008 | Turf Catering Keeneland | \$100.47 | No Itemized Support | Meals |
| 4/12/2008 | Marriott - Lexington | \$517.62 | No Support | DL Visit |
| 4/20/2008 | Keeneland Assc. Inc | \$60.00 | No Itemized Support | |
| 4/20/2008 | Turf Catering Keeneland | \$110.00 | No Itemized Support | Meals |
| 4/20/2008 | Azur Restaurant - Lex | \$375.00 | No Itemized Support | Sky |
| 4/23/2008 | Jonathans at Gratz Park - Lex | \$400.00 | No Itemized Support | AA |
| 4/24/2008 | Bellini's - Lex | \$50.00 | No Itemized Support | DL/Sky |
| 4/24/2008 | Bellini's - Lex | \$550.00 | No Itemized Support | DL/Sky |
| 4/24/2008 | Turf Catering Keeneland | \$100.00 | No Itemized Support | Meals |
| 4/24/2008 | Hyatt Regency - Lex | \$191.65 | No Support | AA Visit |
| 4/25/2008 | Panera Bread - Lexington | \$14.08 | Meal | Dinner |
| 4/26/2008 | Azur Restaurant - Lex | \$100.00 | No Itemized Support | Sky |
| 5/2/2008 | Coffee Grounds Coffee House - Lex | \$8.25 | Meal | Breakfast |
| 5/8/2008 | Best Buy | \$317.99 | Equipment | Garmin |

Director of Marketing and Community Relations
Questioned Credit Card Transactions
August 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|---------------------|--|
| 5/17/2008 | Liquor Barn | \$164.89 | No Itemized Support | High Hope Steeple Chase |
| 5/17/2008 | Whole Foods | \$71.36 | Food | High Hope Steeple Chase |
| 5/18/2008 | Panera Bread - Lexington | \$46.78 | Meal | High Hope Steeple Chase |
| 5/22/2008 | Giacomos Deli - Lex | \$22.40 | No Itemized Support | Lunch |
| 5/23/2008 | Chamber of Commerce Lex | \$30.00 | No Support | |
| 6/3/2008 | Rochester Big & Tall | \$390.95 | Clothing | 3-Callaway Golf Tech Polos and 1-Greg Norman Polo |
| 6/7/2008 | The Terminal - Milwaukee, WI | \$20.00 | No Itemized Support | Midwest Trip |
| 6/7/2008 | The Terminal - Milwaukee, WI | \$50.00 | No Itemized Support | Midwest Trip |
| 6/9/2008 | Austin-Bergstrom Airport (Sports Bar) | \$7.04 | No Itemized Support | Meals |
| 6/10/2008 | Rirazza (Bluegrass Airport, KY) | \$5.40 | No Itemized Support | Lunch |
| 6/13/2008 | Great Harvest Bread - Lex, KY | \$9.86 | No Itemized Support | Lunch |
| 6/14/2008 | Dicks Sporting Goods | \$74.19 | | CoolFusion |
| 6/14/2008 | Kroger | \$50.07 | Refreshments | Drinks (Teas, Sodas, Water) |
| 6/15/2008 | Murray's Restaurant, KY | \$291.35 | No Itemized Support | DL |
| 6/17/2008 | Common Grounds Coffee House, Lex, KY | \$6.25 | Meal | Latte and Cinnamon Roll |
| 6/19/2008 | KHPF Farm House - Lex., KY | \$50.00 | Meal – 3 guests | Per Cardholder glass of Wine purchased |
| 6/20/2008 | Applebee's Park | \$14.93 | No Itemized Support | |
| 6/20/2008 | Applebee's Park | \$18.75 | No Itemized Support | |
| 6/20/2008 | 3rd Base Applebees Park | \$19.25 | No Itemized Support | |
| 6/21/2008 | Ticket Master | \$122.17 | No Support | Per Cardholder Red, White and Boom tickets for former Executive Director |
| 6/24/2008 | Hilton Pittsburgh | \$40.00 | No Itemized Support | Meals |
| 6/24/2008 | Airport Wireless | \$32.09 | | Rubrz Holster for palm Centro |
| 7/1/2008 | Coffee Pub - Lex | \$25.00 | No Itemized Support | Meals |
| 7/2/2008 | Liquor Barn | \$76.78 | No Itemized Support | Liquor |
| 7/2/2008 | New York Yankees | \$1,440.00 | No Support | "Refund Due" |
| 7/8/2008 | Stubhub | \$384.15 | No Itemized Support | Pittsburgh Pirates at Houston - 4 Tickets |
| 7/9/2008 | Yankee Stadium | \$96.25 | Meal | Hot Dogs and Beers/Water |
| 7/9/2008 | Yankee Stadium | \$9.75 | Meal | Hot Dogs and Water |
| 7/9/2008 | Centerplate - Yankee Team Store | \$300.00 | Caps | 12 Deconstructed Caps |
| 7/11/2008 | Brook Golf Course | \$132.00 | No Itemized Support | Golf |

Director of Marketing and Community Relations
Questioned Credit Card Transactions
August 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--|---------------------------|---------------------|---|
| 7/18/2008 | Delta Air | \$730.00 | Travel | Tucson Trip Cardholder |
| 7/18/2008 | Delta Air | \$455.00 | Travel | Tucson Trip former Executive Director |
| 7/18/2008 | Delta Air | \$730.00 | Travel | Tucson Trip – spouse of former Executive Director |
| 7/18/2008 | Delta Air | \$583.00 | Travel | Tucson Trip – spouse of former Executive Director |
| 7/18/2008 | Delta Air | \$583.00 | Travel | Tucson Trip - Cardholder |
| 7/19/2008 | La Parrilla Suiza - Tucson, AZ | \$34.63 | Meal | Tucson Trip |
| 7/19/2008 | Avis Rent a Car - Tucson, AZ | \$73.83 | Rental | Tucson Trip |
| 7/20/2008 | Ike's West - Tucson, AZ | \$15.11 | No Itemized Support | Meals |
| 7/20/2008 | Hyatt Place Tucson | \$90.64 | Travel | Tucson Trip |
| 7/20/2008 | Hyatt Place Tucson | \$90.64 | Travel | Tucson Trip |
| 7/20/2008 | Hyatt Place Tucson | \$6.75 | Travel | Tucson Trip |
| 7/22/2008 | Minute Maid Park - Huston | \$42.25 | No Itemized Support | Meals |
| 7/23/2008 | Mastro's Ocean Club - Scottsdale, AZ | \$317.66 | No Itemized Support | Meals |
| 7/24/2008 | Elements Bar - Sanctuary on Camelback Mtn - AZ | \$52.00 | No Itemized Support | Meals |
| 7/24/2008 | Sanctuary on Camelback Mtn - AZ | \$282.56 | No Itemized Support | Travel |
| 7/24/2008 | Avis Rent a Car - Phoenix, AZ | \$146.29 | Rental | |
| 7/24/2008 | Inn at the Ballpark | \$388.79 | Travel | |
| 7/24/2008 | Tech Showcase | \$43.29 | Equipment | Home Charger |
| 7/25/2008 | Skybox Bar | \$15.00 | No Itemized Support | Meals |
| 7/26/2008 | Marriot Hotel - TX | \$388.20 | Travel | |
| 8/8/2008 | Applebee's Park | \$19.00 | No Itemized Support | Meals |
| 8/8/2008 | 3rd Base - Applebee's Park | \$22.00 | No Itemized Support | |
| 8/22/2008 | Malones - Lex | \$44.07 | No Itemized Support | Lunch |
| 8/24/2008 | Wallace Station | \$48.00 | No Itemized Support | Meals |
| 8/28/2008 | Braves Chophouse Atlanta | \$200.01 | No Itemized Support | Meals |
| 9/3/2008 | Panera Bread - Lexington - Lexington | \$22.25 | Meal | 2 Lunch - Drive-thru |
| 9/9/2008 | Liquor Barn | \$31.79 | Liquor | Basil Haydens 75 (Boyd Group) |
| 9/18/2008 | Quiznos - Airport, KY | \$16.77 | No Itemized Support | Breakfast |
| 9/18/2008 | Panera Bread - Lexington | \$20.46 | Snacks | Pastry and Muffins |
| 9/18/2008 | Panera Bread - Lexington | \$7.49 | Snacks | Cake |
| 9/23/2008 | Malones - Lex | \$53.95 | No Itemized Support | Lunch |
| 9/23/2008 | St Regis Aspen, Co | \$414.28 | No Support | Boyd Group Hotel Pre-pay |
| 9/23/2008 | St Regis Aspen, Co | \$828.58 | No Support | Boyd Group Hotel Pre-pay |
| 9/25/2008 | KHPF Farm House | \$8.11 | Meal | Lunch |

Director of Marketing and Community Relations
Questioned Credit Card Transactions
August 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------------|---------------------------|---------------------|---|
| 9/25/2008 | Amazon.com | \$183.84 | Books | "The Blood-Horse Authoritative Guide to Betting" |
| 9/25/2008 | KHPF Farm House | \$20.00 | No Support | |
| 10/1/2008 | Clean Sweep | \$10.00 | No Itemized Support | Car Maint. |
| 10/4/2008 | Rosies Brewpup (CO) | \$32.00 | No Itemized Support | Meals |
| 10/5/2008 | The Steak Pit (CO) | \$40.00 | No Itemized Support | Meals |
| 10/6/2008 | Bentleys at the Wheele (CO) | \$103.62 | No Itemized Support | Meals |
| 10/6/2008 | Belly Up (CO) | \$21.50 | No Itemized Support | Meals |
| 10/7/2008 | 8th Street Deli (CO) | \$16.00 | No Itemized Support | Meals |
| 10/7/2008 | Southern Tent & Awning | \$547.76 | No Support | |
| 10/8/2008 | Avis Rent a Car (CO) | \$755.17 | No Itemized Support | Car Rental |
| 10/8/2008 | Conoco (CO) | \$54.47 | No Support | |
| 10/9/2008 | St Regis Aspen, Co | \$193.53 | No Support | |
| 10/13/2008 | Quiznos - Airport, KY | \$9.70 | No Itemized Support | Lunch |
| 10/14/2008 | Panera Bread - Lexington | \$8.19 | No Itemized Support | Breakfast |
| 10/17/2008 | Clean Sweep | \$10.00 | No Itemized Support | Car Maint. |
| 10/17/2008 | Marriott (Lex, KY) | \$252.01 | No Itemized Support | Meals |
| 10/17/2008 | Polk Majestic Travel Group | \$440.00 | | |
| 10/20/2008 | Gold Shield | \$79.75 | No Support | |
| 10/20/2008 | PH Advance Deposit | \$206.01 | No Support | |
| 10/25/2008 | Clean Sweep | \$10.00 | No Itemized Support | Car Maint. |
| 10/30/2008 | Finance Charge | \$42.50 | Fin. Charges | |
| 10/31/2008 | A La Lucie - Lex | \$212.76 | No Itemized Support | AA Sponsorship Opera house Play |
| 11/5/2008 | Panera Bread - Lexington | \$10.25 | Meal | Lunch Sponsorship Meeting - City Scapes |
| 11/20/2008 | Thoroughbred Club of America | \$120.00 | No Itemized Support | TSA Lunch |
| 11/20/2008 | The Keeneland Shop | \$53.00 | Picture | 2000 Prom Sire Line (Color Map of Horse Bloodlines) |
| 11/21/2008 | Jonathan at Gratz Park - Lex | \$38.53 | No Itemized Support | TAC Air |
| 12/5/2008 | The Thoroughbred Club of America | \$104.82 | No Itemized Support | Meeting Called by Michael - Staff |
| 12/18/2008 | Malones - Lex | \$39.00 | No Itemized Support | TAC Air Marketing Rep |
| 9/9/2008 | Turf Catering/Keeneland | \$148.19 | No Itemized Support | Meals |

Total Questionable or Unsupported Expenditures: \$69,652.46

Director of Marketing and Community Relations
Questioned Direct Payments
August 1, 2006 – December 31, 2008

Appendix 5

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|---|
| 12/21/2006 | \$136.00 | 12/22/2006 | Home Internet (July-Dec) |
| 2/16/2007 | \$60.00 | 2/23/2007 | Home Internet (Jan and Feb) |
| 4/10/2007 | \$60.00 | 4/13/2007 | Home Internet (Mar and April) |
| 5/21/2007 | \$30.00 | 5/25/2007 | Home Internet (May) |
| 6/16/2007 | \$30.00 | 6/22/2007 | Home Internet (June) |
| 9/14/2007 | \$104.98 | 9/18/2007 | Home Internet (July -Sept) |
| 10/11/2007 | \$35.00 | 10/12/2007 | Home Internet (Oct) |
| 11/10/2007 | \$35.00 | 11/16/2007 | Home Internet (Nov) |
| 12/17/2007 | \$35.00 | 12/28/2007 | Home Internet (Dec) |
| 3/8/2008 | \$274.98 | 3/14/2008 | Home Internet (Jan-Mar) and Urban Active Fitness Membership (Feb & Mar) |
| 4/25/2008 | \$104.99 | 4/25/2008 | Home Internet (April) and Urban Active Fitness Membership |
| 5/23/2008 | \$104.99 | 5/23/2008 | Home Internet (May) and Urban Active Fitness Membership |
| 6/13/2008 | \$104.99 | 6/19/2008 | Home Internet (June) and Urban Active Fitness Membership |
| 8/8/2008 | \$35.00 | 8/11/2008 | Home Internet (July) |
| 11/13/2008 | \$148.00 | 11/17/2008 | 4 Month Home Internet (August-November) |

Total Questionable or Unsupported Expenditures: \$1,298.93

Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|-------------------------------|--------------------|---|---|
| 1/2/2006 | Bed, Bath, and Beyond | \$42.29 | No Support | |
| 1/8/2006 | Oceanic Time Warner HI | \$41.61 | No Support | |
| 1/10/2006 | NA'ALAPA Stables- Kohala | \$468.78 | No Support | |
| 1/10/2006 | Pelouze IL | \$3.99 | No Support | |
| 1/12/2006 | Marriott Waikoloa Beach | \$411.21 | No Support | |
| 1/13/2006 | World Botanical Garden HI | \$19.50 | No Support | |
| 1/13/2006 | Avis Rent A Car HI | \$65.93 | No Support | |
| 1/19/2006 | American ASSN Airport | \$175.00 | No Support | |
| 1/26/2006 | Joseph Beth Café Lexington | \$26.74 | No Support | |
| 2/1/2006 | Malones | \$69.40 | No Itemized Support | Lexington, KY |
| 2/7/2006 | Malones | \$410.12 | No Itemized Support | Lexington, KY |
| 2/9/2006 | Mulligans Gardenside CAFÉ | \$30.08 | No Itemized Support | Lexington, KY |
| 2/10/2006 | Azure Restaurant | \$43.35 | No Itemized Support | Lexington, KY |
| 2/14/2006 | Honey Baked Ham | \$19.99 | Honey baked Ham w/Sides | |
| 2/16/2006 | Mulligans Gardenside CAFÉ | \$31.67 | No Itemized Support | Lexington, KY |
| 2/17/2006 | Target | \$76.08 | Toothpaste, Shirt, Beauty Products | Fort Worth Texas; Some Items Personal in Nature; Lip-gloss, Mascara |
| 2/18/2006 | Central Market | \$6.66 | White Choc Apricot Biscot, 2 BUR Lip Shimmer Merlot | Fort Worth, TX |
| 2/20/2006 | Trop-Box Office LV-NV | \$33.95 | Tropicana Box Office | |
| 2/22/2006 | Avis Rent-A-Car | \$264.90 | No Support | No Support |
| 3/11/2006 | Ramsey's | \$42.02 | No Itemized Support | Lexington, KY |
| 3/11/2006 | Sheraton Hotels | \$33.41 | Room Service Charge | Nashville Hotel Stay; Only Room Service Charged |
| 3/16/2006 | Caesars Business Center LV | \$23.30 | No Support | Listed as Postage |
| 3/18/2006 | Nicholson's Pub | \$46.26 | No Itemized Support | Cincinnati, OH |
| 3/22/2006 | Clamatos LLC | \$19.70 | No Itemized Support | Lexington, KY |
| 3/22/2006 | Ramsey's | \$33.03 | No Itemized Support | Lexington, KY |
| 3/31/2006 | Little Caesars | \$10.60 | No Support | Lexington, KY |
| 4/4/2006 | LL Bean | \$44.00 | No Support | No Support |
| 4/14/2006 | Papa Johns | \$63.25 | No Itemized Support | Lexington, KY |
| 4/19/2006 | Honey Baked Ham | \$19.99 | No Support | No Support |
| 4/24/2006 | Chick-Fil-A | \$7.25 | No Itemized Support | |
| 4/26/2006 | Kroger | \$30.68 | No Support | No Support |
| 5/9/2006 | Chic-Fil-A | \$6.24 | Meals | Lexington, KY |
| 5/11/2006 | Wendy's | \$9.13 | No Itemized Support | Lexington, KY |
| 5/31/2006 | Cracker Barrel | \$33.48 | Meals | Lexington, KY |
| 6/3/2006 | Papa Johns | \$31.80 | No Itemized Support | Lexington, KY |
| 6/6/2006 | Wallace Station Versailles KY | \$46.18 | No Itemized Support | Versailles, KY |
| 6/18/2006 | Hertz Rent A Car Lex, Ky | \$204.34 | No Support | Lexington, KY |
| 6/18/2006 | Elegantly Handled Inc | \$67.05 | No Support | No Support |
| 6/18/2006 | Elegantly Handled Inc | \$68.26 | No Support | No Support |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|------------------------------|--------------------|---|---|
| 6/19/2006 | FTD Aletha's Mount Ver | \$100.75 | No Support | No Support |
| 6/22/2006 | Good Foods Co-Op | \$15.45 | No Support | No Support |
| 6/28/2006 | Arby's | \$11.30 | Meals | Lexington, KY |
| 6/29/2006 | Touch of Glass | \$164.95 | Avondale Serving Cart | |
| 7/3/2006 | Starving Artist | \$42.40 | Fitting Charger | |
| 7/6/2006 | Wake Forest Floris NC | \$67.95 | No Support | |
| 7/6/2006 | Amazon.Com | \$9.90 | No Support | |
| 7/12/2006 | IHOP | \$32.42 | Meals | Garner, NC; Purpose of Trip Unclear |
| 7/15/2006 | Elegantly Handled Inc | \$47.75 | No Support | |
| 7/26/2006 | Overstock.com | \$53.84 | No Support | |
| 7/27/2006 | Compadres Mexican Restaurant | \$13.77 | No Support | Raleigh, NC |
| 7/28/2006 | Panera Bread | \$14.12 | No Support | Raleigh, NC |
| 8/1/2006 | LL Bean | \$101.00 | No Support | Various Purchases During August Combined |
| 8/1/2006 | Corkys | \$15.43 | No Itemized Support | Lexington, KY |
| 8/2/2006 | Joseph Beth Café | \$35.35 | No Itemized Support | Lexington, KY |
| 8/16/2006 | Honey Baked Ham | \$19.99 | No Support | |
| 8/17/2006 | Wal Mart Lexington | \$31.09 | Wipes, Air Clean, Windex, Clorox, Spray n Wash, Clean Linen, Air Freshener, Flowers, Plain Sponge | |
| 8/22/2006 | Logan's Roadhouse | \$46.94 | No Itemized Support | |
| 8/22/2006 | Dicks Clothing and Sporting | \$636.00 | 26 Polo Shirts | Duplicate Receipt; Total was \$1200 Half was paid on former Director of Planning and Development's Card. Per former "MAG" |
| 8/25/2006 | Alfalfa | \$46.76 | No Itemized Support | |
| 9/6/2006 | Kroger | \$79.40 | Salads, Cookies, DLSP SND TRY, Fruit Salad | |
| 9/7/2006 | The Massage Center | \$85.00 | No Itemized Support | Listed as Gift Card, Could not be determined |
| 9/7/2006 | Rite Aid Store | \$7.27 | 2 Assorted Chocolates, 2 Cards | |
| 9/8/2006 | Darae and Friends Catering | \$148.40 | Lunch for Finance Committee | |
| 9/9/2006 | Bed, Bath, and Beyond | \$24.36 | Tub Mat Cushion, Natures Study S/C | |
| 9/12/2006 | Waffle House | \$20.59 | No Itemized Support | Lexington, KY |
| 9/13/2006 | Meijer Inc. | \$114.23 | Dehumidifier, Tide to go, Hand Soap | Dehumidifier Was Noted Per Employee Interviews, Accounted for at the Airport. |
| 9/14/2006 | Mulligans Gardenside Café | \$42.06 | No Itemized Support | Lexington, Ky |
| 9/15/2006 | Panera Bread | \$70.37 | No Support | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------|---------------------------|---|---|
| 9/25/2006 | Wal Mart | \$6.01 | Comp Book, 2 Everyday Cards | |
| 10/4/2006 | Max and Ermas | \$35.87 | No Itemized Support | Lexington, KY |
| 10/13/2006 | Turf Catering Keeneland | \$149.32 | No Itemized Support | Lexington, KY |
| 10/17/2006 | Meijer | \$207.19 | Frame, Glass Board, Shaker Set, 1 Shelf, Toaster, Microwave, Soaps and Air Fresheners | Listed as Kitchen Supplies |
| 10/18/2006 | La Fiesta Grande | \$36.17 | No Itemized Support | Frankfort, KY |
| 10/20/2006 | Delta Air | \$664.79 | No Support; Air Fare for former Board Chair's spouse | |
| 10/20/2006 | Delta Air | \$15.00 | No Support | |
| 10/27/2006 | Meijer | \$18.20 | Book, Drainer Tray, Gloves | |
| 10/28/2006 | American ASSN Airport | \$625.00 | No Support | |
| 10/28/2006 | American ASSN Airport | \$185.00 | No Support | |
| 11/1/2006 | The Old Spaghetti Factory | \$21.04 | No Itemized Support | Louisville, KY |
| 11/3/2006 | Hyatt Hotels | \$550.00 | No Support | |
| 11/5/2006 | Panera Bread | \$10.04 | Meals | |
| 11/6/2006 | Meijer | \$12.75 | Febreze | No Purpose Stated |
| 11/8/2006 | Papa Johns | \$76.63 | No Itemized Support | Lexington, KY |
| 11/8/2006 | Amazon.com | \$43.89 | Itemized Email Support cut out, Only a total provided. | |
| 11/9/2006 | Hawaiian AI | \$109.60 | Tickets from Oahu -> Kauai for former Board Chair's spouse | |
| 11/10/2006 | American ASSN Airport | \$185.00 | No Support | |
| 11/11/2006 | American ASSN Airport | \$625.00 | No Support | |
| 11/13/06 | Olive Garden | \$41.60 | No Itemized Support | Lexington, KY |
| 11/14/06 | Honey Baked Ham | \$20.99 | No Support | |
| 11/17/06 | IHOP | \$20.08 | No Itemized Support | Lexington, KY |
| 11/20/06 | US AIRWAYS | \$505.70 | No Support | |
| 11/21/2006 | Mountain Meadows Motel | \$103.40 | No Itemized Support | |
| 11/22/2006 | USEF Holiday Cards | \$720.95 | US Equestrian Federation Cards; 30 items total at \$23-\$25 a piece. | Sold to former Executive Director |
| 11/24/2006 | Cracker Barrel | \$14.26 | Meals | North Carolina |
| 11/28/2006 | Delta Air | \$549.71 | No Support; Air Fare for former Board Chair's spouse | |
| 11/29/2006 | Clamatos | \$12.07 | No Itemized Support | Lexington, KY |
| 12/3/2006 | Raffertys | \$46.70 | No Itemized Support | Lexington, KY |
| 12/6/2006 | Golds Gym | \$739.00 | Golds Gym Membership | "MAG" noted next to charge on credit card statement |
| 12/8/2006 | LL Bean Mailorder | \$56.00 | No Support | |
| 12/8/2006 | LL Bean Mailorder | \$28.00 | No Support | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-----------------------------|---------------------------|--|---|
| 12/8/2006 | LL Bean Mailorder | \$28.00 | No Support | |
| 12/12/2006 | Kroger | \$210.95 | Itemized Receipt Was Cut Off, Only a Total Was Provided | |
| 12/15/2006 | Chic-Fil-A | \$5.93 | Meals | Lexington, KY |
| 12/17/2006 | Kroger | \$15.41 | No Support | |
| 12/19/2006 | Starbucks | \$5.00 | Gift Card | |
| 12/21/2006 | Culvers | \$11.62 | Meals | Lexington, KY |
| 12/21/2006 | Meijer | \$5.70 | 2 packs of wipes | |
| 12/23/2006 | Blue Line Diner | \$29.61 | Meals | Lexington, Ky |
| 12/31/2006 | National City | \$362.27 | Finance Charges/Late Fees/ Annual Fees | For 2006 |
| 1/4/2007 | Arby's | \$6.54 | Meals | Lexington, KY |
| 1/7/2007 | Logans Roadhouse | \$59.10 | No Itemized Support | Lexington, KY |
| 1/8/2007 | Waffle House | \$15.96 | No Itemized Support | Lexington, KY |
| 1/8/2007 | Meijer | \$132.25 | No Itemized Support | Lexington, KY |
| 1/22/2007 | Honey Baked Ham | \$200.00 | 4 \$50 gift Cards | No Purpose Stated |
| 1/25/2007 | Meijer | \$65.65 | No Support | Lexington, KY |
| 1/25/2007 | Logan's Roadhouse | \$24.52 | No Support | Lexington, KY |
| 1/29/2007 | Hunana Restaurant Lexington | \$42.15 | No Itemized Support | Lexington, KY |
| 2/1/2007 | Target | \$105.99 | Group III; Item Could Not be Identified | Could not identify Item Purchased |
| 2/3/2007 | Papa Johns | \$74.18 | No Support | |
| 2/9/2007 | Clamatos | \$13.66 | No Itemized Support | Lexington, KY |
| 2/12/2007 | Bed, Bath, and Beyond | \$105.94 | No Support | Only Shipping Bar Code Provided with the Amount Noted |
| 2/14/2007 | Panera Bread | \$13.76 | Meals | Lexington, KY |
| 2/17/2007 | Three Ten Park | \$24.87 | No Support | |
| 2/20/2007 | Racetrac412 | \$15.36 | No Support | |
| 2/21/2007 | HMSHOST-CTL-Airport | \$17.38 | No Support | |
| 2/21/2007 | Rosen Hotels | \$455.53 | No Support | |
| 3/2/2007 | Clamatos | \$14.72 | No Itemized Support | Lexington, KY |
| 3/9/2007 | Papa Johns | \$98.58 | No Itemized Support | Lexington, KY |
| 3/10/2007 | Papa Johns | \$32.01 | No Itemized Support | Lexington, KY |
| 3/10/2007 | Papa Johns | \$131.15 | No Itemized Support | Lexington, KY |
| 3/23/2007 | Papa Johns | \$20.73 | No Support | Lexington, KY |
| 4/4/2007 | Mini Maid | \$97.00 | No Support | |
| 4/13/2007 | Chick-Fil-A | \$6.14 | Meals | Lunch for 1, Lexington |
| 4/17/2007 | Waffle House | \$9.12 | No Itemized Support | Lexington, KY |
| 4/17/2007 | Panera Bread | \$625.00 | \$25 Gift Cards | Lexington Ky Location |
| 4/20/2007 | Choose Hope, Inc | \$73.00 | No Support | |
| 4/25/2007 | Panera Bread | \$62.62 | Meals | Lexington, KY |
| 4/30/2007 | Honey Baked Ham | \$53.98 | Ham With Sides | Lexington, KY |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|-----------------------------|--------------------|--|--|
| 5/8/2007 | Amazon.com | \$257.87 | 11 DVD's Including; "Déjà Vu", "Music and Lyrics", "Planet Earth", and "Little Children" | |
| 5/14/2007 | Governor's Mansion Preser. | \$200.00 | 2 Tickets to Governor's Derby Eve Gala; Governor's Mansion Preservation Society | For former Executive Director and his spouse |
| 5/17/2007 | Waffle House | \$22.24 | No Itemized Support | Lexington, KY |
| 5/18/2007 | Pelouze | \$3.99 | No Support | |
| 5/18/2007 | St. Julien Hotel Boulder CO | \$5.96 | No Support | |
| 5/19/2007 | Desha's | \$61.80 | No Itemized Support | Lexington, KY |
| 5/20/2007 | Target | \$15.89 | No Support | |
| 5/20/2007 | LA-Z-Boy | \$652.94 | Cloth Wall Recliner and Fabric Protector | |
| 5/29/2007 | Wild Oats Market Place | \$75.00 | Gift Card Purchase | Eve Lunch Gift Certificate |
| 6/6/2007 | Waffle House | \$15.83 | No Itemized Support | Lexington, Ky |
| 6/12/2007 | Wendy's | \$11.12 | No Itemized Support | Lexington, Ky |
| 6/13/2007 | Panera Bread | \$21.04 | Meals | Lexington, Ky |
| 6/14/2007 | Ramsey's | \$26.51 | No Itemized Support | Lexington, Ky |
| 6/25/2007 | Mi Pequena Hacienda | \$31.35 | No Itemized Support | Lexington, Ky |
| 6/25/2007 | Panera Bread | \$53.51 | Meals | Lexington, Ky |
| 6/25/2007 | Honey Baked Ham | \$354.49 | 6 \$50 Gift Cards, Ham, Cake, Bread, etc. | |
| 6/29/2007 | Amazon.com | \$62.90 | Bella Sara Horse Trading Card Game Series 1 Box (36 Packs) | |
| 7/2/2007 | Amazon.com | \$41.45 | 1 2007 Upper Deck First Edition Baseball Trading Cards | |
| 7/12/2007 | Waffle House | \$15.83 | No Itemized Support | Lexington, KY |
| 7/13/2007 | Panera Bread | \$4.40 | No Support | Lexington, Ky |
| 7/14/2007 | Tony Roma's | \$54.65 | No Itemized Support | Lexington, Ky |
| 7/14/2007 | Lexington Green Movies | \$6.00 | Movie Tickets for 2 | |
| 7/19/2007 | Prince Hotels HI | \$541.66 | No Itemized Support | Just Email related to confirmation being made; For former Director of Operations |
| 7/19/2007 | Prince Hotels HI | \$541.66 | No Itemized Support | Just Email related to confirmation being made; For former Board Chair |
| 7/19/2007 | Prince Hotels HI | \$541.66 | No Itemized Support | Just Email related to confirmation being made; For former of the Board |
| 7/25/2007 | Panera Bread | \$19.58 | Meals | Lexington, KY |
| 7/27/2007 | Papa Johns | \$128.06 | No Itemized Support | Lexington, KY |
| 7/27/2007 | Papa Johns | \$128.11 | No Itemized Support | Lexington, KY |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|------------------------------|--------------------|--|--|
| 7/30/2007 | Honey Baked Ham | \$17.21 | 3 Honeybaked Ham Classic Box, Meal Deal Qtr Ham, Sides | Total amount for 67.42, \$50.41 paid by check, the remainder through BGA credit card |
| 7/30/2007 | Honey Baked Ham | \$17.21 | Possible Duplicate From Above | |
| 8/6/2007 | UPS Store | \$135.99 | No Itemized Support | Hand written note requested delivery to Winnipeg, Manitoba |
| 8/9/2007 | Chick-Fil-A | \$6.19 | No Support | |
| 8/9/2007 | Chick-Fil-A | \$1.22 | Meals | .89 paid in cash, 1.22 charged to the visa card. |
| 8/11/2007 | Papa Johns | \$163.06 | 14 Pizzas | |
| 8/12/2007 | Home Depot | \$42.39 | Tower Fan | |
| 8/13/2007 | Vornado Air | \$88.45 | No Itemized Support | Order Confirmation Found |
| 8/18/2007 | Amazon.com | \$200.21 | DVD's; Premonition, Disturbia, Zodiac, Ghost Rider, Pany's Labyrinth, 300, Casino Royale, The Departed, Blood Diamond, 300 | |
| 8/22/2007 | Panera Bread | \$29.71 | Meals | Lexington, KY |
| 8/22/2007 | The Home Depot | \$59.25 | 2 Books, Lamp | |
| 8/30/2007 | The Home Depot | \$105.99 | 3.6ft cu Fridge | |
| 9/2/2007 | Red Robin | \$62.00 | No Itemized Support | |
| 9/5/2007 | AAAAE Meeting and Conference | \$780.00 | Conference Attendance for former Board Chair's spouse, the former Executive Director's spouse, Director of Marketing's spouse and the spouse of a former member of the Board. \$195 Each | |
| 9/13/2007 | Panera Bread | \$16.39 | Meals | Lexington, KY location |
| 9/18/2007 | Papa Johns | \$82.82 | No Itemized Support | Lexington, KY location |
| 9/26/2007 | Blimpie Subs | \$30.18 | No Itemized Support | Lexington, KY location |
| 9/27/2007 | Stanley J's | \$21.20 | No Itemized Support | Lexington, KY location |
| 9/27/2007 | Dillard's | \$127.20 | Social Dresses | Per Interview Process, Purchased for Gala Event, used in 2 consecutive years. |
| 9/28/2007 | Genos | \$45.58 | No Support | |
| 9/28/2007 | Subway | \$6.76 | No Itemized Support | Lexington, Ky |
| 10/3/2007 | Café Joseph Beth | \$40.03 | No Itemized Support | Lexington, Ky |
| 10/10/2007 | Chic-Fil-A | \$6.20 | No Support | |
| 10/12/2007 | Turf Catering Keeneland | \$133.77 | No Support | |
| 10/19/2007 | Paradies Shops | \$63.58 | Pants, Shirt, Jacket | Purchased at the Airport |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------|---------------------------|--|---|
| 10/24/2007 | Turf Catering Keeneland | \$239.05 | No Itemized Support | |
| 10/30/07 | Azure Restaurant | \$800.72 | No Support | |
| 10/31/2007 | Stanley J's | \$26.34 | No Support | |
| 11/1/2007 | Papa Johns | \$78.58 | No Support | |
| 11/1/2007 | Papa Johns | \$19.18 | No Support | |
| 11/1/2007 | Krispy Kreme | \$23.81 | 6 Dozen Donuts | |
| 11/7/2007 | Clamatos | \$15.78 | No Itemized Support | |
| 11/9/2007 | Wal Mart.com | \$663.00 | Not All Support Available; Wii and Wii Accessories | \$400 + Not accounted for on the receipt |
| 11/12/2007 | Logans Roadhouse | \$17.69 | No Itemized Support | Lexington, Ky |
| 11/16/2007 | Meijer | \$19.06 | Bottle, Shelf | |
| 11/17/2007 | Papa Johns | \$188.53 | No Itemized Support | |
| 11/20/2007 | Kroger | \$18.27 | No Support | |
| 11/20/2007 | Greeting Cards | \$74.00 | Birthday Cards | B-Day Cards |
| 11/25/2007 | Verizon Wireless | \$26.49 | Phone Supplies | Could not Identify per Receipt |
| 11/26/2007 | LJS | \$8.78 | No Itemized Support | |
| 11/27/2007 | Arby's | \$12.89 | No Itemized Support | |
| 11/30/2007 | Amazon.Com | \$55.09 | Amazing Grace DVD, Live Free or DIE Hard DVD, Ocean's Thirteen DVD | |
| 12/4/2007 | Doorbell Dining | \$263.09 | No Support | California Location. Per former Executive Director |
| 12/5/2007 | Panera Bread | \$25.39 | Lunch for 4 | Lexington, Ky |
| 12/6/2007 | Wendy's | \$6.43 | No Itemized Support | Lexington, Ky |
| 12/8/2007 | Amazon.Com | \$28.60 | Ratatouille, Hannah Montana 2 | |
| 12/10/2007 | Cheddars | \$25.72 | No Itemized Support | Lexington, Ky |
| 12/11/2007 | Logan's Roadhouse | \$36.78 | No Itemized Support | Lexington Ky |
| 12/12/2007 | MyPilotStore.com | \$7.25 | No Support | |
| 12/12/2007 | Amazon.com | \$34.96 | High School Musical 2, The Bourne Ultimatum | |
| 12/14/2007 | Nicholson's Pub Cincinnati | \$73.24 | No Itemized Support | Cincinnati, OH; Per interview process, used unused airport tickets and went out to eat. |
| 12/17/2007 | Honey Baked Ham | \$19.48 | No Support | |
| 12/19/2007 | Malones | \$50.00 | Gift Card | Lexington, KY |
| 12/20/2007 | Malones | \$50.00 | Gift Card | Lexington, KY |
| 12/22/2007 | Papa Johns | \$86.93 | No Itemized Support | Lexington, KY |
| 12/28/2007 | Wal Mart | \$89.34 | DVD's; Lucky # 7, Freedom, Pride and., Away From Her, Dreamgirl, Kingdom WS. | |
| 12/31/2007 | Kroger | \$21.31 | No Itemized Support | 6 Items Sold, Receipt was cut so Itemized list was not provided |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------|---------------------------|---|---|
| 12/31/2007 | National City | \$293.39 | Finance Charges/Late Fees/ Annual Fees | For 2007 |
| 1/4/2008 | Back Yard Burgers | \$5.60 | No Itemized Support | Lexington KY |
| 1/7/2008 | Wendy's | \$8.24 | No Itemized Support | Lexington KY |
| 1/8/2008 | Wendy's | \$6.76 | No Support | Lexington KY |
| 1/8/2008 | Mi Pequena Hacienda | \$17.27 | No Itemized Support | Lexington KY |
| 1/9/2008 | Choose Hope, Inc | \$85.99 | Breast Cancer Gift Basket | |
| 1/11/2008 | Wendy's | \$11.09 | No Itemized Support | Lexington KY |
| 1/14/2008 | Wendy's | \$11.09 | No Support | Lexington KY |
| 1/18/2008 | Sears Roebuck Mobile AL | \$68.72 | No Support | Statement Lists Fridge Glass Replacement |
| 1/19/2008 | Papa Johns | \$132.18 | 12 pizzas | |
| 2/5/2008 | Papa Johns | \$171.89 | No Itemized Support | Lexington, KY |
| 2/5/2008 | Papa Johns | \$26.10 | No Itemized Support | Lexington, KY |
| 2/6/2008 | Subway | \$58.54 | No Itemized Support | Lexington, KY |
| 2/6/2008 | Target | \$89.47 | Johnson's, Pampers, Assorted Baby Items | Listed via interview as a baby shower gift |
| 2/7/2008 | Flowers By Angie | \$92.22 | No Support | |
| 2/7/2008 | Wal Mart | \$48.16 | Pampers, Gift Set, Card Baby | |
| 2/7/2008 | Panera Bread | \$28.53 | Meals | Lexington, KY |
| 2/7/2008 | Panera Bread | \$6.99 | Meals | |
| 2/8/2008 | Blimpie Subs | \$29.26 | No Itemized Support | Lexington, KY |
| 2/8/2008 | Sporty's Cat | \$90.90 | 4 Foot Vintage Wooden Propeller | |
| 2/11/2008 | Regatta | \$19.44 | No Itemized Support | Lexington, KY |
| 2/14/2008 | Tumbleweed | \$12.58 | No Support | |
| 2/16/2008 | Wal Mart | \$125.77 | We Own DVD, No Res 2pk, Gone Bab DVD, Martian DVD, ACRS UNI DVD, Placemat, 2 2pk bin | |
| 2/18/2008 | Krispy Kreme | \$7.41 | Dozen of Donuts | |
| 2/20/2008 | Clamatos | \$18.99 | No Itemized Support | Lexington, KY |
| 2/27/2008 | Panera Bread | \$30.99 | Meals | Lexington, KY |
| 2/28/2008 | Panera Bread | \$18.57 | Meals | Lexington, KY |
| 3/8/2008 | Papa Johns | \$242.14 | No Itemized Support | Lexington, KY |
| 3/10/2008 | Wendy's | \$9.08 | No Itemized Support | Lexington, KY |
| 3/11/2008 | Papa Johns | \$16.09 | No Itemized Support | Lexington, KY |
| 3/13/2008 | Honey Baked Ham | \$277.98 | 5 Gift Cards @ \$50, 2 Cakes | |
| 3/14/2008 | Panera Bread | \$30.77 | Meals | Lexington, KY |
| 3/17/2008 | Chic-Fil-A | \$6.41 | Meals | Lexington, Ky |
| 3/18/2008 | Chic-Fil-A | \$6.47 | Meals | Lexington, KY |
| 3/19/2008 | Kroger | \$122.64 | DVD, Enchanted, Bee DVD, Dan Life DVD, I Am Legend DVD | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|--------------------------------|---------------------------|--|---|
| 3/21/2008 | Ramsey's | \$33.14 | No Itemized Support | Lexington, KY |
| 3/22/2008 | Wal Mart | \$61.32 | Movies/Supplies; | Could not read receipt to fully itemize |
| 3/26/2008 | American ASSN Airport | \$500.00 | No Support | |
| 3/29/2008 | Town Square Gallery | \$35.94 | Boyd Bear for Employee's Baby | |
| 4/2/2008 | Kroger | \$44.72 | BCCO Cookie, HMK Cards, Short Cake, \$15 Starbuck (Possible Gift Card) | |
| 4/5/2008 | Wal Mart | \$23.46 | Cutlery Set, Pureclean K | |
| 4/7/2008 | Cigar Oasis | \$846.95 | 6 Cigar Oasis XL Plus Humidifier | Email from former Executive Director instructing to order the items. |
| 4/9/2008 | Papa Johns | \$126.67 | No Support | |
| 4/10/2008 | Cuban Crafters FL | \$107.91 | 4 Cigar Lighters | Email from former Executive Director instructing to order the items. |
| 4/10/2008 | Wal Mart | \$40.74 | AE Spic Del, Lions 4 DVD, Water HR DVD | |
| 4/13/2008 | Marshall's | \$45.52 | 6 Items, Marked Beauty | Gift |
| 4/16/2008 | Turf Catering Keeneland | \$9.42 | No Itemized Support | Lexington, KY |
| 4/18/2008 | Wal Mart | \$107.62 | Live Free Die Hard DVD, James DVD, Two Weeks, M Clayto DVD, Beowulf DVD, Watering Can. | |
| 4/19/2008 | Red Nail Lexington | \$340.05 | No Itemized Support | |
| 4/21/2008 | Wal Mart | \$76.95 | 3 Gift Cards- \$25 plus Admin Fee | |
| 4/22/2008 | Lexington Healing Arts | \$300.00 | 10 Gift Certificates \$30 each | |
| 4/28/2008 | Wendy's | \$12.47 | Meals | Lexington, KY |
| 4/30/2008 | Chick-Fil-A | \$5.01 | Meals | Lexington, KY |
| 5/2/2008 | Collectors Display Case NE | \$167.68 | No Support | |
| 5/6/2008 | Panera Bread | \$15.02 | Meals | Nicholasville, KY |
| 5/8/2008 | Cracker Barrel | \$32.81 | No Support | Beckley, WV |
| 5/13/2008 | Airports Council International | \$690.00 | No Support | |
| 5/13/2008 | Wal Mart | \$100.52 | PS I Love You, Untrace, Great Debate, Char Wil, 27 Dresses; DVDs | |
| 5/14/2008 | Wendy's | \$15.74 | No Itemized Support | Lexington, KY |
| 5/15/2008 | Max and Ermas | \$83.20 | Lunch for 5 | Lexington, KY |
| 5/18/2008 | Lowes | \$43.69 | No Itemized Support | Lexington KY; Receipt Was Cut, the 5 items purchased could not be identified. |
| 5/20/2008 | Wal Mart | \$15.89 | Golden C DVD | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|--------------------------------|--------------------|---|--------------------------------------|
| 5/20/2008 | Office Max | \$59.32 | Dark Choc. Squares, 2 four Tier Business Cardholders, Lexmark Ink | Lexington, KY |
| 5/21/2008 | Ramsey's | \$63.95 | No Itemized Support | Lexington, KY |
| 5/29/2008 | Panera Bread | \$35.23 | Meals | Lexington, KY |
| 5/29/2008 | Wal Mart | \$26.52 | WRM Hawaiian, Card Friend, National DVD | |
| 5/30/2008 | Panera Bread | \$22.93 | Meals | Lexington, KY |
| 6/2/2008 | Panera Bread | \$23.91 | Meals | Lexington, KY |
| 6/4/2008 | Clamatos | \$25.53 | No Itemized Support | Lexington, KY |
| 6/4/2008 | Logans | \$52.59 | No Itemized Support | Lexington, KY |
| 6/5/2008 | In Touch | \$24.75 | No Itemized Support | |
| 6/5/2008 | Atlanta Bread Company- Lexing. | \$29.90 | Meals | Lexington, KY |
| 6/6/2008 | Four Seasons Hotels- Austin TX | \$188.27 | No Support | Lexington, KY |
| 6/6/2008 | Four Seasons Hotels- Austin TX | \$43.50 | No Support | Lexington, KY |
| 6/11/2008 | Chic-Fil-A | \$12.77 | Meals | Lexington, KY |
| 6/13/2008 | Panera Bread | \$7.83 | Meals | Lexington, KY |
| 6/13/2008 | Kroger | \$42.33 | 3 DVD's | Movie Names Could Not Be Identified. |
| 6/17/2008 | Back Yard Burgers | \$13.02 | No Support | |
| 6/18/2008 | Amazon.com | \$16.47 | Book- Deadline | For library |
| 6/19/2008 | Kroger | \$20.46 | EDL NTLTE, Light bulbs, hmk Card, Hand Soap | |
| 6/21/2008 | Papa Johns | \$90.79 | No Support | |
| 6/23/2008 | Giacomos Deli | \$70.78 | No Itemized Support | Lexington, KY |
| 6/25/2008 | Panera Bread | \$8.56 | Meals | Lexington, KY |
| 6/27/2008 | Ramsey's | \$23.30 | No Itemized Support | Lexington, KY |
| 6/30/2008 | Time Magazine | \$19.95 | No Support | |
| 7/1/2008 | Logans Roadhouse Lex | \$33.94 | Meals | Lexington, KY |
| 7/2/2008 | Panera Bread | \$25.48 | Meals | Lexington, KY |
| 7/7/2008 | Applebee's | \$29.19 | No Itemized Support | Lexington, KY |
| 7/12/2008 | People Magazine | \$56.74 | No Support | |
| 7/15/2008 | Azure Restaurant | \$872.06 | Email providing total, not itemized, from wine and spirit manager | Lexington, KY |
| 7/15/2008 | Chic-Fil-A | \$4.39 | Meals | Lexington, KY |
| 7/17/2008 | Amazon.com | \$64.83 | No Support | Listed as Frames |
| 7/17/2008 | Amazon.com | \$37.98 | No Support | |
| 7/18/2008 | Wal Mart | \$142.84 | DVD's; Fools G+G4O., Bonnevil, Graceisg, Definite., Bank Job, Name of., Vantage | Various Movies |
| 7/22/2008 | Kroger | \$26.73 | HMK Cards, 2 Deli Ent Hot | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------|---------------------------|---|-------------------------------|
| 7/23/2008 | Chic-Fil-A | \$18.13 | Meals | Lexington, KY |
| 7/24/2008 | The Keeneland Shop | \$84.75 | No Support | |
| 7/28/2008 | Kroger | \$32.44 | No Support | |
| 7/28/2008 | Kroger | \$19.99 | SPNG, Velcro Strips, HH Sptzr, HLP HND Mask, Med Wre HK, Lib Brush | |
| 8/4/2008 | Asian Wind | \$35.42 | No Itemized Support | Lexington, KY |
| 8/4/2008 | Lowe's | \$68.27 | Intelilazer Pro, Roundup, Sevin Dust | |
| 8/5/2008 | Corky's | \$56.70 | No Itemized Support | Lexington, KY |
| 8/6/2008 | Johnny Carino's | \$35.49 | No Itemized Support | Lexington, KY |
| 8/6/2008 | Wendy's | \$7.40 | Meals | Lexington, KY |
| 8/7/2008 | Franklin Covey CLG | \$114.47 | Business Tote | |
| 8/18/2008 | Wal-Mart | \$73.48 | Fellow DVD, 21 DVD, 2 Ct oil, Air Freshener | |
| 8/19/2008 | Asian Wind | \$38.60 | No Itemized Support | Lexington, KY |
| 8/20/2008 | Ruby Tuesdays | \$42.15 | No Itemized Support | Lexington, KY |
| 8/21/2008 | Wal-Mart | \$39.18 | Spic and Spam, cotton swabs, air fresheners, Card G-parent, Card- Friend, Card- Care | |
| 8/21/2008 | Care gifting | \$69.84 | Female Comfort Collection | Gift for Employee |
| 8/26/2008 | Asian Wind | \$52.42 | No Itemized Support | Lexington, KY |
| 8/28/2008 | Panera Bread | \$29.45 | Meals | Lexington, KY |
| 8/31/2008 | Wal Mart | \$42.32 | Meet Bil... DVD, Sassy GI...DVD | |
| 9/4/2008 | Panera Bread | \$22.29 | Meals | Lexington, KY |
| 9/5/2008 | Olive Garden | \$130.13 | No Itemized Support | Lexington, KY; Dinner for 4 |
| 9/5/2008 | Do It Best Hardware | \$12.67 | Hanger Picture Brass, Nails Wire, Eyeglass Repair Kit | |
| 9/5/2008 | Panera Bread | \$22.29 | Meals | Lexington, KY |
| 9/5/2008 | Amazon.Com | \$24.44 | "Right Writer, Intelligent Grammar Checker" | |
| 9/8/2008 | Wendy's | \$22.47 | No Itemized Support | Lexington, KY |
| 9/9/2008 | Back Yard Burgers | \$22.15 | No Itemized Support | Lexington, KY |
| 9/9/2008 | Amazon.Com | \$29.60 | "When Bad Grammar Happens to Good People (Easy Read Large Bold Edition): How to Avoid Common Errors in English" | |
| 9/14/2008 | Food Lion | \$10.66 | Sweet Nov DVD | Emerald Isle, NC |
| 9/20/2008 | Wal Mart | \$6.33 | Mr. Clean, Air Fresheners, Air Effects | |
| 9/23/2008 | Fox International | \$60.85 | No Support | |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------|---------------------------|---|--|
| 9/24/2008 | Dollar Tree | \$6.89 | Fire Balls, Cinnamon, snickers, smarties, cello cards, greeting card | Lexington, KY |
| 9/26/2008 | Malones and Harrys | \$405.62 | No Itemized Support | Statement lists as Gift Cards, however, Gratuity was included on the Credit Card receipt, and a tip of \$5 |
| 9/27/2008 | American ASSN Airport | \$195.00 | Conference Registration for spouse of the former Executive Director | |
| 9/28/2008 | American ASSN Airport | \$110.00 | Conference Registration for the daughter of the former Executive Director | |
| 9/30/2008 | Target | \$129.73 | Forgetting S, What Happens, Sex and the City, Iron Man, Baby Mama, Ice Tongs, timer, veggie tong, scent eraser, bar board | |
| 10/1/2008 | QDOBA | \$12.69 | Meals | Lexington, KY |
| 10/2/2008 | Panera Bread | \$126.64 | Meals | |
| 10/3/2008 | Papa Johns | \$174.17 | No Itemized Support | Lexington, KY |
| 10/10/2008 | Turf Catering Keeneland | \$17.58 | No Itemized Support | Lexington, KY |
| 10/11/2008 | Acres of Land Winery | \$96.77 | Meals | Richmond, KY |
| 10/12/2008 | Merv Properties LL | \$16.12 | No Support | |
| 10/13/2008 | Outback Nashville | \$58.08 | No Itemized Support | Nashville, TN- What was the trip for. |
| 10/13/2008 | McDonald's | \$5.41 | Meals | Somerset, KY- What was the trip for. |
| 10/14/2008 | 2nd and Church | \$14.00 | No Support | Parking |
| 10/14/2008 | Rippy's Ribs | \$23.57 | No Itemized Support | |
| 10/15/2008 | Shoney's- Madison TN | \$18.09 | No Itemized Support | |
| 10/15/2008 | Loews Hotels Vanderbilt | \$515.02 | 2 Nights Stay, Parking, In Room Dining | Unclear Purpose for the Trip |
| 10/16/2008 | Thornton's Lexington | \$34.16 | Rental Car Gas | Purpose of trip |
| 10/17/2008 | Chick-Fil-A | \$17.94 | Meals | Lexington, KY Location |
| 10/18/2008 | Wal Mart | \$32.94 | Toothbrush, pledge, noticeable, neutra air, febreze, air freshener | |
| 10/18/2008 | Wal Mart | \$24.38 | Golden C DVD, DVD, Weatherman | Movies |
| 10/20/2008 | Logan's Roadhouse | \$47.91 | No Itemized Support | Lexington, KY Location |
| 10/21/2008 | Rosetta Stone | \$380.54 | Spanish 1 and 2 Software | |
| 10/24/2008 | LL Bean | \$70.80 | No Support | |
| 10/24/2008 | Wal Mart | \$14.83 | Indiana Jones DVD | |
| 10/28/2008 | Kroger | \$23.52 | No Itemized Support | Receipt was torn so Items could not be identified |

**Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------|---------------------------|--|--|
| 10/31/2008 | Day Timers Inc. | \$295.32 | Ravello Visor Notes with Holder, Visor Notes Refill, Ravello Note Pad Holder, Croc Cell Phone Accordion Wallet | For former Executive Director |
| 10/31/2008 | Papa Johns | \$122.71 | No Support | NR Circled on CC Statement |
| 10/31/2008 | Papa Johns | \$94.07 | No Itemized Support | |
| 11/3/2008 | Big Boy | \$16.62 | Meals | Lexington, KY |
| 11/4/2008 | Joseph Beth Booksellers | \$23.31 | Frommer Belgium | |
| 11/4/2008 | Wal Mart | \$46.91 | Deception DVD, Centruni DVD, CE DE Smarti, hand Towel, neutra air | |
| 11/5/2008 | Blimpie Subs | \$41.44 | No Itemized Support | Lexington, KY |
| 11/5/2008 | Amazon.com | \$50.82 | 6 Books- Hawaii The Big Island Revealed: The Ultimate Guidebook, and 3 "Lei Hali's" CD's. | Notes provided directing Cardholder to order these items |
| 11/11/2008 | Waffle House | \$21.50 | No Itemized Support | Lexington, KY |
| 11/12/2008 | Amazon.com | \$89.03 | Abbott and Costello: "The Complete Universal Pictures Collection" DVD | Note requesting the purchase be made |
| 11/13/2008 | Panera Bread | \$31.41 | Meals | |
| 11/14/2008 | Wal Mart | \$90.71 | Smarties, Lazarus DVD, Backwoods DVD, Happen TH DVD, Small Jar, Trifle | |
| 11/17/2008 | Savannah Candy Kitchen | \$237.01 | No Itemized Support | Grand Total Provided, rest of the receipt was cut off. Note instructed to "Please Order the tagged items to try" per the former Executive Director |
| 11/19/2008 | Wendy's | \$6.97 | No Itemized Support | Lexington, KY |
| 11/21/2008 | Hastings | \$73.09 | Christmas Card, Harlem Nights, Tombstone, Miss Potter, Syriana, Runs Through, Marie Anoi... | |
| 11/26/2008 | Lowe's | \$93.28 | Bronze Console Table | |
| 12/2/2008 | Wal Mart | \$70.88 | Wanted DVD, Prince Caspian DVD, Hancock DVD, Step Bro DVD | |
| 12/4/2008 | Honey Baked Ham | \$200.00 | 4 \$50 Gift Cards | |
| 12/5/2008 | Heavenly Ham | \$59.62 | No Itemized Support | Lexington, KY |
| 12/8/2008 | Big Boy | \$11.61 | Breakfast | |
| 12/9/2008 | Clamatos | \$28.06 | No Itemized Support | Lexington, KY |

Manager of Administration
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|------------------------|---------------------------|---|-------------------------------|
| 12/10/2008 | Amazon.com | \$52.93 | Boys on the Side DVD, Chill Factor DVD, Diary of a Mad Black Woman DVD, Beauty Shop DVD, Last Holiday DVD | |
| 12/11/2008 | Wal Mart | \$26.46 | Dark Knight DVD | |
| 12/15/2008 | Savannah Candy Kitchen | \$29.95 | No Support | |
| 12/17/2008 | Wal Mart | \$104.41 | Christmas Cards, Juno DVD, Fred Clause DVD, Snow Ang DVD, Mummy Emp DVD, Traitor DVD, Mamma Mia DVD | |
| 12/22/2008 | Target | \$90.07 | No Support | Lexington, KY |
| 12/26/2008 | Asian Wind | \$94.61 | No Support | Lexington, KY |
| 12/31/2008 | National City | \$93.73 | Finance Charges/Late Fees/Annual Fees | For 2008 |

Total Questionable or Unsupported Expenditures: \$38,490.58

Manager of Administration
Questioned Direct Payments
January 1, 2006 – December 31, 2008

| Transaction Date | Transaction Amount | Check Date | Description |
|--------------------------|---------------------------|-------------------|--|
| 12/19/2005 | \$199.31 | 1/20/2006 | Air travel to an unspecified conference |
| 1/1/2006 | \$46.18 | 1/20/2006 | Reimbursement for Jan internet; No Support |
| 2/1/2006 | \$46.18 | 2/17/2006 | Reimbursement for Feb internet; No Support |
| 3/1/2006 | \$46.18 | 3/17/2006 | Reimbursement for March internet; No Support |
| 4/1/2006 | \$46.18 | 4/14/2006 | Reimbursement for April internet; No Support |
| 5/1/2006 | \$46.18 | 5/12/2006 | Reimbursement for May internet; No Support |
| 5/17/2006 - 5/22/2006 | \$50.00 | 5/26/2006 | Additional amount claimed for trip to ARN Food/Beverage/Retail Conference; No Support |
| 6/1/2006 | \$46.18 | 6/16/2006 | Reimbursement for June internet; No Support |
| 7/1/2006 | \$46.18 | 8/4/2006 | Reimbursement for July internet; No Support |
| 9/21/2006 | \$128.00 | 9/21/2006 | Advance; No Support |
| 4/13/2006 | \$8.00 | 9/8/2006 | Reimbursement for books at Keeneland; No Support |
| 8/2006 - 9/2006 | \$92.36 | 9/15/2006 | Reimbursement for Aug & Sept internet; No Support |
| 9/13/2006 | \$2.50 | 9/15/2006 | Key made |
| 10/1/2006 | \$46.18 | 10/13/2006 | Reimbursement for Oct internet; No Support |
| 11/1/2006 | \$46.18 | 11/17/2006 | Reimbursement for Nov internet; No Support |
| 11/9/2006 | \$4,775.48 | 11/17/2006 | (107) hams and (107) mixed bean soup mix |
| 12/2006 - 1/2007 | \$92.36 | 12/29/2006 | Reimbursement for Dec 06 and Jan 07 internet; No Support |
| 1/5/2007 | \$16.96 | 1/12/2007 | All occasion cards from Family Dollar |
| 2/1/2007 | \$46.18 | 1/12/2007 | Reimbursement for Feb 2007 internet; No Support |
| 3/1/2007 | \$46.18 | 3/16/2007 | Reimbursement for Mar 2007 internet; No Support |
| 4/1/2007 | \$46.18 | 4/13/2007 | Reimbursement for Apr 2007 internet; No Support |
| 5/1/2007 | \$46.18 | 5/18/2007 | Reimbursement for May 2007 internet; No Support |
| 6/1/2007 | \$46.18 | 6/14/2007 | Reimbursement for Jun 2007 internet; No Support |
| 7/1/2007 | \$46.18 | 7/12/2007 | Reimbursement for July 2007 internet; No Support |
| 8/1/2007 | \$46.18 | 8/10/2007 | Reimbursement for Aug 2007 internet; No Support |
| 9/1/2007 | \$46.18 | 9/7/2007 | Reimbursement for Sept 2007 internet; No Support |
| 10/1/2007 | \$46.18 | 10/11/2007 | Reimbursement for Oct 2007 internet; No Support |
| 9/9/2007 | \$25.00 | 10/11/2007 | Raffle sponsorship - Pink Tie Gala - rose raffle receipt; No Support |
| Unknown | \$4,803.80 | 10/17/2007 | Holiday hams; No Support |
| 11/1/2007 | \$46.18 | 11/8/2007 | Reimbursement for Nov 2007 internet; No Support |
| 11/07 & 12/07 | \$92.36 | 12/14/2007 | Reimbursement for Nov & Dec 2007 internet; No Support |
| 1/1/2008 | \$46.18 | 1/8/2008 | Reimbursement for Jan 2008 internet; No Support |
| 2/1/2008 | \$46.18 | 2/8/2008 | Reimbursement for Feb 2008 internet; No Support |
| 2/7/2008 | \$15.51 | 2/8/2008 | Lunch for taxi inspection staff at Panera Bread |
| 2/9/2008 | \$9.01 | 2/15/2008 | Cards |
| 3/1/2008 | \$46.18 | 3/14/2008 | Reimbursement for Mar 2008 internet; No Support |
| 4/1/2008 | \$46.18 | 4/4/2008 | Reimbursement for Apr 2008 internet; No Support |
| 5/1/2008 | \$46.18 | 5/2/2008 | Reimbursement for May 2008 internet; No Support |

Manager of Administration
Questioned Direct Payments
January 1, 2006 – December 31, 2008

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|---|
| 6/1/2008 | \$46.18 | 6/6/2008 | Reimbursement for June 2008 internet; No Support |
| 5/7/2008 | \$504.38 | 5/16/2008 | Gym membership - annual fees for Cardholder's portion only |
| 7/1/2008 | \$46.18 | 7/11/2008 | July internet; No Support |
| 9/1/2008 | \$89.90 | 9/5/2008 | August and September internet |
| 9/5/2008 | \$5.30 | 9/12/2008 | 6 cards and 2 candy bars |
| 10/1/2008 | \$65.95 | 10/17/2008 | October internet |
| 11/10/2008 | \$54.95 | 11/17/2008 | November internet |
| 10/23/2008 | \$1,798.20 | 10/24/2008 | Reimbursement for purchase of holiday hams deposit, when the order was originally placed |
| 11/26/2008 | \$3,363.63 | 12/8/2008 | Reimbursement for purchase of holiday hams; The entire amount was reimbursed even though \$1,798 was previously reimbursed for the deposit portion. On January 22, 2009, Cardholder wrote a check to the Bluegrass Airport for \$1,798.20 after this issue was discussed. |

Total Questionable or Unsupported Expenditures: \$17,393.64

Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|------------------|---|--------------------|---|--|
| 12/31/2005 | Great Harvest Bread Co (Lexington) | \$1,172.04 | No Support | |
| 2006 | Finance Charges/Late Fees/Over Limit Fees | \$49.78 | | For 2006 |
| 1/30/2006 | Applebees (Lexington) | \$16.57 | No Support | |
| 1/31/2006 | Applebees (Lexington) | \$40.00 | No Support | |
| 2/23/2006 | O'Charleys | \$24.14 | Dining Room purchase | Receipts notes EKU Dinner |
| 3/2/2006 | Serafini | \$30.39 | | Receipt notes Dept. of Tourism |
| 3/23/2006 | Harbor Sweets | \$850.11 | 50 Gift boxes | |
| 3/28/2006 | O'Charleys (Lexington) | \$6.29 | No Support | |
| 4/4/2006 | Airports Council International | \$625.00 | No Support | |
| 4/10/2006 | Guess Whos Coming To Dinner | \$200.00 | Unable to determine purchase from receipt | Statement notes-Destination Mkt. (American Airlines) |
| 4/13/2006 | Big Buck Brewery | \$33.59 | No Support | |
| 4/14/2006 | Embassy Suites | \$220.11 | Hotel Room | |
| 4/25/2006 | Richmond Chamber of Commerce | \$580.00 | Players for 06 golf tournament-380; Sponsorship-200 | Statement notes for golf outing |
| 4/28/2006 | Wal-Mart | \$2.09 | No Support | |
| 4/30/2006 | American Air | \$322.70 | No Support | ACI Conference Airfare |
| 5/9/2006 | American Assn Airport Exe | \$435.00 | No Support | |
| 5/31/2006 | Longhorn (Lexington) | \$45.15 | Food | |
| 6/2/2006 | Lexington Legends | \$402.00 | | Receipt notes Hank Williams, Jr. |
| 6/8/2006 | Hampton Inn | \$84.33 | Hotel | |
| 6/9/2006 | Aramark Applebee's Park | \$25.57 | Unable to determine purchase from receipt | Receipt notes Fly Away Friday Dinner |
| 6/14/2006 | Hyatt Hotels | \$642.30 | Hotel | |
| 6/16/2006 | Guess Who's Coming To Dinner | \$3,377.13 | Catering | |
| 7/7/2006 | Lexington Legends | \$792.00 | Bob Dylan Show on 8/15/06 @ 6:30 PM | 16 ordered - Noted for Travel Agent Reception |
| 7/7/2006 | Lexington Legends | \$16.00 | Unable to determine purchase from receipt | |
| 7/7/2006 | Aramark Applebees Park | \$12.50 | Unable to determine purchase from receipt | Noted on receipt for Extra FAF Tickets |
| 7/13/2006 | Lexington Legends | \$99.00 | No Support | |
| 7/21/2006 | Woodford Humane Society | \$1,325.00 | | |
| 7/23/2006 | Meijer | \$74.13 | | |
| 7/25/2006 | BHA Inc | \$300.00 | No Support | |
| 7/28/2006 | Lexington Legends | \$56.00 | No Support | |
| 7/28/2006 | The Golf Warehouse | \$898.71 | Golf shirts | |

Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|----------------------------|---------------------------|---|---|
| 8/4/2006 | Aramark Applebee's Park | \$7.50 | Unable to determine purchase from receipt | |
| 8/7/2006 | Amazon.com | \$42.38 | No Support | |
| 8/7/2006 | Amazon.com | \$15.56 | No Support | |
| 8/8/2006 | BHA Inc | \$75.00 | No Support | |
| 8/8/2006 | Amazon.com | \$228.05 | DVDs | |
| 8/10/2006 | Amazon.com | \$62.76 | DVDs | |
| 8/14/2006 | Lexington Legends | \$75.00 | Unable to determine purchase from receipt | |
| 8/18/2006 | Box Office Tickets | \$376.00 | No Support | |
| 8/19/2006 | Dick's Clothing & Sporting | \$21.17 | No Support | |
| 8/20/2006 | Johnny Carino's | \$88.25 | Food | |
| 8/20/2006 | Johnny Carino's | \$5.75 | Food | |
| 8/23/2006 | Walgreen | \$16.95 | No Support | |
| 8/24/2006 | Darae & Friends Catering | \$224.72 | Unable to determine purchase from receipt | |
| 9/1/2006 | Westin | \$182.86 | Unable to determine purchase from receipt | |
| 9/7/2006 | Amazon.com | \$101.12 | No Support | |
| 9/12/2006 | Metropolitan Opera | \$361.00 | Opera Tickets | For Contest |
| 9/13/2006 | Willard Intercontinental | \$799.56 | No Support; For former Executive Director | |
| 9/13/2006 | Willard Intercontinental | \$757.94 | Room & Room Service | Room Service charge \$49.18 |
| 9/26/2006 | Paradies | \$59.09 | No Support | |
| 10/8/2006 | Turf Catering | \$95.77 | Unable to determine purchase from receipt | |
| 10/8/2006 | Kilberns (Lexington) | \$27.81 | Unable to determine purchase from receipt | |
| 10/9/2006 | Staples | \$35.48 | Supplies | Receipt notes office supplies for Fall Fest |
| 10/25/2006 | Doo Wop Shop | \$46.64 | Unable to determine purchase from receipt | Receipt notes for employee event |
| 10/25/2006 | Executive West | \$181.72 | Hotel | |
| 10/26/2006 | Turf Catering | \$74.01 | No Support | |
| 10/26/2006 | Garden Ridge | \$24.88 | No Support | |
| 10/28/2006 | Kohls | \$42.74 | Dolls, Toys, Games, Play Doh | Receipt says Employee Outing |
| 10/30/2006 | Best Buy | \$731.36 | Camera, Digital Card, LCD TV, Ipod Nano | Receipt notes for Fall Fest |
| 10/30/2006 | Kroger | \$37.72 | Candy | Receipt notes for Fall Fest |
| 11/24/2006 | Godiva Chocolatier | \$58.25 | Chocolates | Receipt notes for X-Mas gift sample |
| 12/9/2006 | Desha's | \$83.01 | Food | |

**Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---|---------------------------|---|---|
| 12/11/2006 | Godiva Chocolatier | \$887.14 | Chocolates | X-Mas gifts; invoice total doesn't agree to Credit Card charges |
| 12/12/2006 | Godiva Chocolatier | \$1,258.10 | Chocolates | X-Mas gifts; invoice total doesn't agree to Credit Card charges |
| 12/14/2006 | Godiva Chocolatier | \$329.70 | Chocolates | X-Mas gifts; invoice total doesn't agree to Credit Card charges |
| 12/14/2006 | Godiva Chocolatier | \$54.95 | Chocolates | X-Mas gifts; invoice total doesn't agree to Credit Card charges |
| 12/15/2006 | Godiva Chocolatier | \$195.96 | Chocolates | X-Mas gifts; invoice total doesn't agree to Credit Card charges |
| 12/19/2006 | Sal's Italian Chophouse (Lexington) | \$27.78 | Unable to determine purchase from receipt | |
| 2007 | Finance Charges/Late Fees/Over Limit Fees | \$72.00 | | |
| 1/23/2007 | Meijer | \$4.74 | No Support | |
| 1/24/2007 | Applebee's | \$60.00 | 3 - \$20 gift certificates | |
| 1/24/2007 | Applebee's (Lexington) | \$5.55 | Unable to determine purchase from receipt | |
| 3/19/2007 | The Rosetta Stone | \$826.80 | Spanish, German, Russian, & Italian | |
| 4/16/2007 | Joseph Beth Booksellers | \$132.50 | 5 Paula Deen books | |
| 5/2/2007 | Sal's Italian Chophouse (Lexington) | \$30.42 | Unable to determine purchase from receipt | Receipt notes for Hammond Design Lunch |
| 5/4/2007 | Harbor Sweets | \$314.82 | No Support | |
| 5/4/2007 | Meeting Professionals | \$25.00 | No Support | |
| 5/10/2007 | Courtyard by Marriott | \$365.17 | No Support | |
| 5/11/2007 | Aramark Applebee's Park | \$14.25 | Unable to determine purchase from receipt | Receipt notes for Fly Away Friday Dinner |
| 5/20/2007 | Wal-Mart | \$16.79 | No Support | |
| 5/23/2007 | Liquor Barn | \$31.35 | No Support | |
| 5/24/2007 | Lexington Legends | \$1,010.00 | Group Pepsi Deck (Greenville Dr. on 5/24/07); Picnics | |
| 5/24/2007 | Aramark Applebee's Park | \$9.75 | Unable to determine purchase from receipt | Receipt notes for Fly Away Friday Dinner |
| 6/15/2007 | Chamber of Commerce | \$925.00 | Golf Players -\$600; Corporate Sponsorship -\$325 | 4 Players were former Executive Director and former Directors |

**Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|-------------------------------------|---------------------------|--|---|
| 6/22/2007 | Aramark Applebee's Park (Lexington) | \$9.75 | Unable to determine purchase from receipt | |
| 7/5/2007 | Woodford Humane Society | \$250.00 | | Receipt notes for tickets |
| 7/11/2007 | Panera Bread | \$80.00 | 4 - \$20 Gift Cards | receipt notes for blood drive |
| 7/13/2007 | Aramark Applebee's Park (Lexington) | \$6.50 | No Support | |
| 7/13/2007 | Aramark Applebee's Park (Lexington) | \$3.25 | No Support | |
| 7/17/2007 | Dick's Clothing & Sporting | \$43.40 | Practice balls, tees, ball markers, range bucket, etc. | Receipt notes for gift basket |
| 8/3/2007 | The Keeneland Shop | \$1,235.96 | Card/Letter | |
| 8/11/2007 | The Box Stop | \$17.38 | No Support | |
| 8/19/2007 | Met Opera | \$361.00 | | |
| 8/24/2007 | FTD - Georgetown Flowers | \$34.93 | Glass Vase Arrangement | |
| 9/10/2007 | Hilton Hotels | \$327.74 | Hotel | |
| 9/19/2007 | HMS Host-Ord Airport | \$12.78 | Unable to determine purchase from receipt | |
| 10/2/2007 | Seasonal Distribution Inc. | \$230.32 | Pumpkin Carving kits, centerpieces | Receipt amount doesn't agree to credit card statement |
| 10/2/2007 | Blick Art Material | \$68.85 | Kids aprons | |
| 10/4/2007 | Instant Signs | \$51.00 | 3 Corex signs | |
| 10/14/2007 | The Paper Factory | \$42.25 | No Support | |
| 10/15/2007 | Executive Inn | \$86.92 | No Support | |
| 10/16/2007 | Executive Inn | \$162.58 | No Support | |
| 10/18/2007 | The Flower Basket | \$646.60 | No Support | |
| 10/19/2007 | Marriott (Lexington, KY) | \$282.42 | | |
| 10/19/2007 | Marriott (Lexington, KY) | \$282.42 | | |
| 10/19/2007 | Marriott (Lexington, KY) | \$282.42 | | |
| 10/25/2007 | Cinemark | \$125.00 | 10 - \$10 Gift Cards; Overnight shipping | |
| 10/27/2007 | Staples | \$24.50 | No Support | |
| 10/29/2007 | Old Kentucky Chocolates | \$225.00 | | Statement notes for Fall Fest |
| 10/29/2007 | Cinemark | \$450.00 | 45 - \$10 Gift Certificates | Receipt notes for Fall Fest gifts for kids |
| 10/30/2007 | Cookies By Design | \$66.36 | No Support | Receipt notes for Fall Fest door prize |

**Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---|---------------------------|---|---|
| 10/30/2007 | Panera Bread | \$59.41 | Food | Receipt notes for employee thank you breakfast |
| 11/2/2007 | BTMA | \$15.00 | No Support | |
| 11/5/2007 | BHA, Inc | \$20.00 | No Support | |
| 11/6/2007 | Delta Air | \$15.00 | No Support | |
| 12/6/2007 | Malone's (Lexington) | \$500.00 | 10 - \$50 Gift Certificates | |
| 12/12/2007 | Godiva | \$50.72 | Chocolates | Receipt notes for holiday gift |
| 12/17/2007 | Godiva | \$34.61 | Chocolates | Receipt notes for holiday gift |
| 12/17/2007 | Godiva | \$47.85 | Chocolates | Receipt notes for holiday gift; gift msg from former Executive Director |
| 12/17/2007 | Godiva | \$124.74 | Chocolates | |
| 2008 | Finance Charges/Late Fees/Over the Limit Fees | \$236.53 | | |
| 1/8/2008 | BTMA | \$15.00 | No Support | |
| 1/17/2008 | Golfballs.com | \$137.70 | Golfballs w/ Logo | |
| 1/29/2008 | BHA, Inc | \$35.00 | No Support | |
| 2/12/2008 | Keeneland Assoc | \$260.00 | Tables - 2008 Spring Race Meeting | |
| 2/12/2008 | Keeneland Assoc | \$280.00 | Tables - 2008 Spring Race Meeting | |
| 2/18/2008 | KY Tourism Council | \$55.00 | No Support | |
| 2/20/2008 | BTMA | \$15.00 | No Support | |
| 3/25/2008 | Barnes & Noble | \$296.06 | 14 Books - The Little Red Book Of Everyday Heroes | Book written by wife of former Board Chair; "For Michael and Board members" |
| 3/28/2008 | Renaissance Hotels | \$557.90 | Hotel | |
| 4/15/2008 | Harbor Sweets | \$308.22 | Chocolates | |
| 4/30/2008 | Sal's Italian Chophouse (Lexington) | \$29.06 | Unable to determine purchase from receipt | Receipt notes Hammond Design Luncheon |
| 5/7/2008 | BHA, Inc | \$30.00 | No Support | |
| 5/7/2008 | BHA, Inc | \$30.00 | No Support | |
| 5/7/2008 | BHA, Inc | \$30.00 | No Support | |
| 5/7/2008 | Richmond Chamber of Commerce | \$650.00 | Golf Tournament - Entry-\$400; Sponsorship-\$250 | |
| 5/17/2008 | Joseph-Beth Booksellers | \$52.95 | Book - Keeneland Reflection | Receipt notes Keeneland Book Gift |

**Manager of Marketing
Questioned Credit Card Transactions
January 1, 2006 – December 31, 2008**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|---|--|
| 5/30/2008 | Aramark Applebee's Park | \$10.25 | Unable to determine purchase from receipt | |
| 6/6/2008 | Four Seasons Hotels | \$64.17 | In Room Dining Dinner | |
| 6/23/2008 | CHS @ Creative | \$19.67 | No Support | |
| 7/7/2008 | Palace Theatre 7 | \$972.00 | 8 Tickets to Legally Blonde | New York Familiarization Trip |
| 7/9/2008 | GQ Limousine | \$1,962.00 | Limo service to Palace to see Legally Blonde & to the New York Yankees Game | New York Familiarization Trip |
| 7/9/2008 | Bond 45 | \$407.72 | Unable to determine purchase from receipt | Receipt notes Continental FAM luncheon |
| 7/18/2008 | Aramark Applebee's Park | \$15.00 | Unable to determine purchase from receipt | Receipt notes for Fly Away Friday |
| 7/23/2008 | Malone's (Lexington) | \$32.74 | Food | Note on Receipt Lunch with Hammond Designs |
| 8/28/2008 | Portofino's (Lexington) | \$403.20 | Unable to determine purchase from receipt | Receipt notes for Travel Agent Reception |
| 9/10/2008 | BTMA | \$15.00 | No Support | |
| 9/22/2008 | LL Bean | \$207.95 | Shirts & Embroidery | |
| 9/26/2008 | Woodford Reserve Distillery Gift Shop | \$3,912.37 | Coffee, Bourbon Balls, Jam, Baskets | Bourbon Balls-\$2,677.50; Coffee-941.85 |
| 10/9/2008 | LL Bean | \$259.00 | Shirts & Embroidery | Receipt amount doesn't agree to amount charged |
| 10/15/2008 | Old Kentucky Chocolates | \$390.00 | Caramel Apples | Receipt notes for Fall Fest |
| 10/20/2008 | United Carpet Club | \$100.00 | Red Carpet Club one time pass | Receipt notes for Photographer thank you gift |
| 10/22/2008 | Turf Catering/Keeneland | \$90.59 | Unable to determine purchase from receipt | Receipt notes for Hammond Design lunch |
| 10/25/2008 | The Paper Factory | \$25.40 | Table Cloths | Receipt notes for Fall Fest |
| 10/28/2008 | Einstein Bro Bagels | \$5.01 | Unable to determine purchase from receipt | Receipt notes for lunch - PRSA conf |
| 10/29/2008 | Graeters Ice Cream | \$700.00 | Unable to determine purchase from receipt | Receipt notes for Fall Fest giftcards |
| 10/31/2008 | Wallace Station | \$23.54 | Unable to determine purchase from receipt | Receipt notes for marketing lunch |
| 11/6/2008 | Annette's Catering | \$225.00 | Airplane Cookies | |
| 12/13/2008 | Eli's Cheesecake Company | \$1,450.00 | Samplers | Receipt notes for X-Mas gifts for airlines |

Total Questionable or Unsupported Expenditures: \$44,881.14

Manager of Marketing
Questioned Direct Payments
January 1, 2006 – December 31, 2008

Appendix 7

| Transaction Date | Transaction Amount | Check Date | Description |
|-------------------------|---------------------------|-------------------|--|
| 1/31/2006 | \$30.00 | 2/3/2006 | Baskin Robbins Gift Certificate; Blood Drive |
| 2/21/2006 | \$30.00 | 4/14/2006 | Silent Auction Prize |
| 3/27/2006 | \$24.97 | 4/14/2006 | Michael's Gift Basket Accessories; Gift Basket |
| 7/10/2006 | \$50.00 | 9/15/2006 | 2 Gift Cards for Blood Drive - Applebee's |

Total Questionable or Unsupported Expenditures: \$134.97

**Former Director of Marketing
Questioned Credit Card Transactions
January 1, 2006 – July 31, 2006**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------------|---------------------------|------------------------------------|---|
| 1/12/2006 | Applebee's | \$46.31 | No Itemized Receipt; Lunch | Lunch at Applebee's in Lexington, KY |
| 1/16/2006 | American Assn Airport | \$225.00 | No Support | |
| 1/20/2006 | Portofino | \$25.09 | No Itemized Receipt | Lunch at Portofino in Lexington, KY |
| 1/30/2006 | TGI Fridays (DFW Airport) | \$29.34 | No Itemized Receipt; Lunch/Travel | Lunch |
| 2/1/2006 | Manny's Steakhouse | \$20.14 | No Itemized Receipt; Dinner/Travel | |
| 2/1/2006 | Manny's Steakhouse | \$1,327.80 | No Itemized Receipt; Meals | Dinner w/NW - (Minneapolis, MN) |
| 2/13/2006 | Max & Ermas | \$50.52 | No Itemized Receipt; Lunch | Lunch |
| 2/18/2006 | 7-Eleven | \$7.90 | No Support | 7-Eleven Bedford, TX |
| 3/6/2006 | Lonestar Café (San Antonio , TX) | \$17.00 | No Itemized Receipt; Dinner/Travel | Diner w/AA |
| 3/8/2006 | Delaney Vineyards Inc | \$500.00 | Lack of Business Purpose | Barrel Room 3 hour Event (Grapevine , TX) |
| 3/13/2006 | Hooters Grapevine TX | \$80.38 | No Itemized Receipt; Travel | Dinner |
| 3/22/2006 | The Capital Grille | \$1,339.15 | No Itemized Receipt; Meals | DL Dinner |
| 3/22/2006 | TGI Fridays (Atlanta Airport) | \$60.00 | No Itemized Receipt; Meals | Michael/DL Meeting |
| 3/30/2006 | Lon at the Hermosa Paradise Valley AZ | \$414.91 | No Itemized Receipt; Meals | |
| 4/20/2006 | Applebee's | \$26.69 | No Itemized Receipt; Meals | Lunch at Applebee's in Lexington, KY |
| 4/27/2006 | Jeff's Car Wash | \$15.99 | No Support | Car Maint. |
| 4/28/2006 | Applebee's | \$24.05 | No Itemized Receipt; Lunch | AA/Lunch |
| 4/28/2006 | Hilton Suites Of Lexington | \$25.67 | No Itemized Receipt; Dinner | AA |
| 4/28/2006 | Applebees Park | \$57.00 | No Itemized Receipt; Dinner | AA/Ballgame |
| 5/18/2006 | Walmart | \$10.45 | Lack of Business Purpose | Pants |
| 5/18/2006 | Applebee's | \$18.82 | No Support | Meals |
| 5/19/2006 | JB's Pizza - Lexington Legends | \$6.50 | No Itemized Receipt; Meals | |
| 5/19/2006 | Applebees Park | \$9.75 | No Itemized Receipt | |
| 5/22/2006 | Applebee's | \$25.11 | No Itemized Receipt; Meals | Lunch |
| 6/6/2006 | American Air | \$2,909.60 | No Support | 16 Airline Tickets for Various People to Promote Lexington and American Eagle |
| 6/7/2006 | Eagle's Nest | \$44.50 | No Support | |
| 6/7/2006 | Quiznos Sub | \$11.41 | No Support | |
| 6/8/2006 | Jeff's Car Wash | \$15.99 | No Support | |
| 6/14/2006 | Dollar Rax DFW Irving TX | \$215.37 | No Support | |
| 6/16/2006 | Westin Hotel Food | \$12.01 | No Support | |
| 6/17/2006 | Sheraton Hotels OK | \$63.52 | No Support | |
| 6/21/2006 | Taylor Rental FT Worth | \$437.44 | No Support | |

**Former Director of Marketing
Questioned Credit Card Transactions
January 1, 2006 – July 31, 2006**

| Transaction Date | Vendor | Transaction Amount | Description | Additional Information |
|-------------------------|---------------------------------|---------------------------|--------------------------|-------------------------------|
| 6/21/2006 | The Mail Box | \$33.39 | No Support | |
| 6/27/2006 | Delaney Vineyards Inc | \$23.57 | No Support | |
| 6/28/2006 | AVIS Rent A Car | \$458.29 | No Support | |
| 6/29/2006 | Marriott Hotels - Fort Worth Tx | \$383.95 | No Support | |
| 6/29/2006 | Amerwestair | \$440.20 | No Support | |
| 6/30/2006 | Amerwestair | \$440.20 | No Support | |
| 6/30/2006 | American Air | \$659.30 | No Support | |
| 6/30/2006 | American Air | \$659.30 | No Support | |
| 7/31/2006 | FINANCE CHARGES | \$123.67 | Lack of Business Purpose | |

Total Questionable or Unsupported Expenditures: \$11,295.28

EXHIBITS

**Former Director of Operations
BGA Inventory Returned from Residence**

Exhibit 1

| Quantity | Description |
|----------|---|
| 1 | Delphi Sky-Fi 3 XM Satellite Receiver |
| 1 | Delphi Docking Station (Home) |
| 1 Pair | Bushnell Binoculars |
| 1 | TFT LCD Digital TV Receiver |
| 1 | Motorola Hands Free Device for Cell Phone |
| 1 | Samsung Battery |

**Former Director of Operations
BGA Inventory Located in Director's Office**

Exhibit 1

| Quantity | Description |
|----------|--|
| 2 | BGA Logo Denim Shirt XL |
| 3 | BGA Logo Denim Shirt XXL |
| 5 | Blue BGA Caps |
| 5 | White BGA Caps |
| 10 | Small Blue Velvet Bags of Marbles |
| 5 | Galaxy Balls |
| 1 | BGA Wind Breaker Lg. |
| 1 | Deluxe Putt About Putting Green |
| 1 | Fly Louisville Childs Backpack |
| 1 | Oshkosh Golf Towel |
| 1 | Cutter & Buck Dry Golf Shirt Blue Lg. |
| 2 | Oakley Golf Shirt Red XL |
| 1 | Delta Golf Shirt White M |
| 1 | UK Golf Towel |
| 1 | Bag Asst. Golf Towels |
| 1 | Gray Columbia Fleece Jacket |
| 1 | Holloway Wind Shirt Purple Lg. |
| 1 | RW Sports Connection T-shirt Lg. |
| 1 | Oakley Golf Shirt Yellow XL |
| 1 | American Eagle Golf Shirt Blue XL |
| 1 | American Eagle Golf Shirt White XL |
| 1 | New Holland Golf Sweater Tan XL |
| 1 | New Holland T-Shirt XXL |
| 1 | Keeneland Sweatshirt Green Lg. |
| 1 | Keeneland Sweatshirt XL |
| 1 | Keeneland Sweatshirt Green XL |
| 1 | Keeneland Golf Shirt Blue and Tan XL |
| 1 | Keeneland Golf Shirt Yellow and Blue XL |
| 1 | Pebble Beach Golf Shirt Orange/Green Lg. |
| 1 | Pebble Beach Golf Shirt Yellow/Green Lg. |
| 1 | Pebble Beach Golf Shirt White/Green Lg. |
| 1 | Pebble Beach Golf Shirt Blue/Green Lg. |
| 1 | Pebble Beach Golf Shirt Blue/Red Lg. |
| 2 | Ashworth Golf Shirts Blue/White M |
| 1 | Ashworth Golf Shirt Green Lg. |
| 1 | PGA Tour T-shirt Mustard Color |
| 1 | Ease Coral Golf Shirt Lg. |
| 4 | BGA Denim Shirts XL |
| 1 | TAC-AIR Wind Shirt Lg. |
| 1 | Cutter & Buck Golf Shirt Blue Lg. |
| 2 | Ryder Cup Golf Shirt Red XL |
| 1 | Ryder Cup Golf Shirt Red XXL |

| Quantity | Description |
|----------|---|
| 2 | Wilbur Smith Golf Towels |
| 1 | Legends T-Shirt XXL |
| 1 | Columbia Sportswear BGA Sport Jacket XL |
| 1 | Bay West Blue Denim XL |
| 1 | Todd Windbreaker Blue |
| 1 Pair | Nike Pro Sports Shorts Black XL |
| 42 | Miscellaneous Ball Caps |
| 1 | Box BGA Maint. Shirts Dk. Blue |
| 6 | Hanes Pocket T-shirts Green Lg. |
| 5 | Hanes Pocket T-shirts Gray XL |
| 2 | Cases Maxfli Balls |
| 5 | Cases Titleist Solo Balls |
| 3 | Cases Titleist HP Balls |
| 2 | Sleeve Maxfli Balls |
| 1 | Case Pinnacle Hot Shots |
| 2 | Double Dozen Maxfli Revolution |
| 2 | Case Titleist NXT |
| 4 | BGA Visor Organizers |
| 1 | Case Titleist DT Solo |
| 1 | Case Pinnacle Gold Distance |
| 1 | UK Hard Hat |
| 21 | BGA Blue Nylon Bags |
| 6 | BGA Canvas Totes |
| 1 | Box Titleist Republic Parking Balls |
| 1 | Jelly Belly Bean Machine |
| 1 | Case Jelly Belly Jelly Beans |
| 2 | Roger Clemons Steroid Bobblehead |
| 1 | UK Ball Cap and Balls |
| 1 | Box Tees and Sunscreens |
| 1 Pair | Footjoy Size 6 Kids |
| 3 | Coleman Cooler Pkg. |
| 1 Pair | Footjoy Size 6 Kids |
| 14 | 50ml Makers Mark – Unopened |
| 1 | 1/5 th Makers Mark – Opened |
| 1 | 1/5 th Woodford Reserve |
| 1 | Liter Woodford Reserve |
| 6 | 50ml Knob Creek |
| 36 | 50ml Buffalo Trace |
| 120 | 50ml Woodford Reserve |
| 1 | Sidewinder Pro2 Force Feedback |
| 4 | Bose CD Players |
| 1 | David Clark H20-10XL Headset |
| 2 Pair | Neoprene Specialist Gloves |
| 2 | Propeller Clocks |

**Former Director of Administration and Finance
BGA Inventory Returned from Residence**

Exhibit 1

| Quantity | Description |
|----------|---|
| 1 | Wooden Case Shotgun Cleaning Kit |
| 2 | Boxes Winchester 12 Gauge Target Shells |
| 20 | Loose Winchester 12 Gauge Target Shells |
| 1 | Box Remington 12 Gauge Game Load |
| 1 | Nylon Shotgun Shell Bag |
| 1 | Remington 11-87 Sportsman 12 Gauge |
| 1 | Smith & Wesson Model 645 .45 Caliber Pistol |

**Former Director of Planning and Development
BGA Inventory Returned from Residence**

Exhibit 1

| Quantity | Description |
|----------|--|
| 1 | Remington 870 Express 12 Gauge |
| 1 | Nintendo Wii |
| 1 | DVD "Bucket List" |
| 1 | Book "Hawaii The Big Island Revealed" |
| 1 | Blaze Orange Safety Vest XL |
| 1 | Shoulder Pad for Shooting |
| 1 | Allen Shotgun Shell Bag |
| 3 | Boxes Winchester 12 Gauge Target Shells |
| 1 | Box Remington 20 Gauge Game Loads |
| 1 | Benelli 20 Gauge |
| 1 | Green Shotgun Soft Case |
| 1 | 2 Unit Charger for Wii |
| 1 | Madden `08 Wii Game – Opened |
| 1 | NBA Live `08 Wii Game – Opened |
| 1 | Tiger Woods `08 Wii Game - Opened |
| 1 | Donkey Kong Barrel Blast Wii Game – Unopened |
| 1 | Backyard Football Wii Game – Unopened |

**Former Director of Planning and Development
BGA Inventory Located in Director's Office**

Exhibit 1

| Quantity | Description |
|----------|---|
| 1 | 1/5 th Jim Beam Black - Unopened |
| 5 | 12 Count 50ml Woodford Reserve |

**Former Executive Director
BGA Inventory Returned from Residence**

Exhibit 1

| Quantity | Description |
|----------|---|
| 1 | Sporty's SP200 Aviation Radio and Battery |
| 1 | Guinness Butane Lighter |
| 1 | Power Gear DC to AC Power Inverter Still in Package |
| 1 | Pinnacle PCTV Deluxe MPEG Encoder |
| 1 | XM Audio System with Insert |
| 1 | Plastic Model Airplane |
| 1 | Remington 11-87 Super Magnum Semi-Auto 12 Gauge |
| 1 | Silver Aluminum Hard Sided Gun Case |
| 1 | Gateway Laptop Computer with Charger |
| 1 | Blue Grass Airport Vehicle Flag |
| 1 | Pinnacle Systems PCTV Deluxe User Manual |
| 1 | Logitech Wireless Keyboard |
| 1 Set | Dell Computer Speakers |
| 1 | Logitech Wireless Laser Mouse |
| 1 | Gateway Computer Monitor |
| 1 | Gateway Computer Tower |
| 1 | LukWerks Webcam |
| 1 | IC Recorder (Sony) |
| 1 | 8.4" Portable LCD TV, Coaxial Cable Adapter with AV Cables, DC Battery Pack, DC Power Cord, Instruction Book, Stand, and Remote |
| 1 | Alcomate Prestige Portable Breath Tester with 4 Disposable Mouthpieces in Bag, 1 Attached to Machine, 1 Carrying Case |
| 1 | LG Cell Phone with Battery and AC Power Cord |
| 1 | Omron Automatic Blood Pressure Monitor with Instructions and Carry Bag |
| 1 | ICOM VHF Air Band Transceiver with AC Power Cord |
| 1 | Garmin Colorado 400c GPS Unit |
| 1 | Targus Backpack Green |

**Former Executive Director
BGA Inventory Located in Director's Office**

Exhibit 1

| Quantity | Description |
|----------|---|
| 1 | Model 931001-24N Humidor |
| 13 | Arturo Fuentes Grand Reserve Cigars |
| 3 | Monte Cristo Cigars |
| 5 | Punch Rare Corojo Cigars |
| 3 | St James Stuffed Animals |
| 1 | Bag Misc. Children's Items |
| 3 | BGA Logo Caps (Tan in Color) |
| 1 | Pink UK Cap |
| 1 | Blue UK Cap |
| 1 | BGA Logo Pull Over Wind Breaker |
| 1 | Bella Bliss Children's Sweater Pink in Color |
| 5 | Electric Humidifiers Cigar Oasis |
| 1 | Barbour Child Riding Jacket |
| 1 | iHome Docking Station |
| 1 | Box Penzeys Steak Spices |
| 1 | Gift Box Penzeys Spicy Wedding Sampler |
| 1 | Microsoft Force Feedback Joystick (Sidewinder 2) |
| 1 | CH Products Flight Sim Yoke |
| 1 | Eurofighter Typhoon PC Game |
| 1 | Microsoft Flight Sim 5.1 |
| 1 | Microsoft Flight Sim 2000 |
| 1 | Video Factory Movie Software |
| 1 | Garmin Street Pilot 2620 GPS Unit |
| 1 | Adobe Photoshop 6 |
| 1 | Flight Simulator X PC Game |
| 1 | Adobe Photoshop 7 |
| 1 | Archos 705 Mobile DVR |
| 1 | AlcoMate Prestige Breathalyzer |
| 1 | Phillips Active Noise Canceling Headset |
| 1 | TomTom 1XL GPS |
| 1 | Nova Genius DVD Series - Unopened |
| 1 | DVD Dreamer - Unopened |
| 1 | DVD Somewhere in Time - Unopened |
| 1 | DVD Kinsey - Opened |
| 5 | Mannheim Steamroller Christmas CD's - Unopened |
| 1 | Wii (Nintendo) Console |
| 3 | Wii Games (AMF Bowling Pinbusters, Need for Speed ProStreet, Tiger Woods Golf 08) |

| Quantity | Description |
|----------|---|
| 3 | Nunchuk Controllers |
| 3 | Hand Joystick Controllers |
| 1 | 4 Way Nunchuk Controller Charger |
| 1 | iPod Power PA |
| 1 | Canon PowerShot SD500 Digital Camera |
| 1 | DVD "Love Song for Bobby Long" |
| 1 | DVD "Hell Freezes Over - Eagles" |
| 1 | Canon PowerShot SD1100 Digital Camera |
| 1 | BOSE Model PM-1 Portable CD Player |
| 1 | TomTom Leather Pouch |
| 1 | Bag Kuaiwi Farm Coffee |
| 2 Pair | Serengeti Sunglasses |
| 1 | Canon PowerShot SD700 IS Digital Camera |
| 1 | DVD "American Pie" Band Camp Unrated |
| 1 | DVD "Eurotrip" Unrated |
| 1 | CD Music of the Horse |
| 2 | Keali'i Reichel Music CD's |
| 1 | Jar Hawaiian Honey |
| 1 | Bag Hawaiian Cane Sugar |
| 1 | DOT Approved Lighter Case Yellow in Color |
| 3 | Boxes Pinnacle Golf Balls |
| 1 | Garmin Colorado Series GPS |

Coon, John

From: Gobb, Michael
Sent: Tuesday, July 25, 2006 2:28 PM
To: Coon, John
Subject: FW: CONFIRMATION OF ORDER NEEDED

These are videos for the library. Please call and confirm the order.

-----Original Message-----

From: customer_care@discovery.com [mailto:customer_care@discovery.com]
Sent: Tuesday, July 25, 2006 12:03 PM
To: Gobb, Michael
Subject: CONFIRMATION OF ORDER NEEDED

25th JULY 2006

Order #WEB7431164

JOHN COON
40000 TERMINAL DR.
SUITE 206
LEXINGTON, KY 40510

Dear JOHN COON:

Thank you for your recent order through The Discovery Channel Catalog.

Due to the amount of the purchase and for your security, we must have verbal confirmation of your order to process it. You will need your credit card when verifying your order.

Please call our Customer Care Department at 1-800-889-9950, Monday-Friday, 9am to 9pm ET.


Sincerely,

Customer Care Specialist
Discovery Commerce

NEW! COSMEO, THE ONLINE HOMEWORK HELP TOOL BROUGHT TO YOU BY DISCOVERY CHANNEL. FREE TRIAL AT [HTTP://WWW.COSMEO.COM](http://www.cosmeo.com)

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Thanks for shopping DiscoveryStore.com.

Give Better. Shop Discovery.

Order#: WEB7431164

| | | |
|--|---|---|
| Billing Address | Passport Points | Credit Card Information |
| John Coon 40000 Terminal Dr. Suite 206 LEXINGTON Kentucky United States 40510 8594253141 | Would you like to join Discovery Passport and accumulate points on every purchase? If so, please click here to find out more about the program and its rewards. | Your Visa will be charged \$700.19 when your order ships. |
| Shipping Address | Shipping Method | Gift Message |
| John Coon 40000 Terminal Dr. Suite 206 LEXINGTON Kentucky United States 40510 8594253141 | Standard | |

| Item # | Product Name | Qty | Unit | Price/Item | Item Total |
|--------|---|-----|------|------------|------------|
| 728174 | The Ultimate Guide: The Human Body DVD <small>ESTIMATED SHIP DATE IS AUG-10-2008</small> | 1 | N | 4 .99 | \$4.99 |
| 693028 | Body Atlas DVD Set <small>ESTIMATED SHIP DATE IS AUG-11-2008</small> | 1 | N | 75 | \$75.00 |
| 755835 | Extreme Engineering: Biggest Warship DVD <small>IN STOCK</small> | 1 | N | 21.95 | \$21.95 |
| 755308 | The Civil War: Blood and Honor DVD Set <small>ESTIMATED SHIP DATE IS AUG-10-2008</small> | 1 | N | 9.99 | \$9.99 |
| 755314 | Unsolved Mysteries of World War II DVD Set <small>IN STOCK</small> | 1 | N | 9.99 | \$9.99 |

<https://shopping.discovery.com/stores/servlet/OrderOKView?langId=-1&krypto=XHgrIm...> 7/24/2006

**Email Documenting DVD Purchases by Former Executive Director
Using Former Director of Operations BGA Credit Card**

Exhibit 2

Order Confirmation – Discovery Channel Store

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| | | | | | |
|--------|--|---|---|--------|---------|
| 754580 | Egypt DVD Set IN STOCK | 1 | N | 1 9.99 | \$19.99 |
| 712364 | A Century of Flight DVD Set IN STOCK | 1 | N | 1 4.61 | \$14.61 |
| 690164 | The Wright Stuff DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 724153 | 100 Greatest Discoveries DVD Set IN STOCK | 1 | N | 1 9.99 | \$19.99 |
| 684209 | Unsolved History: The Roman Colosseum DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 698688 | Unsolved History: Aztec Temple DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 706440 | Ancient Civilizations DVD Set IN STOCK | 1 | N | 1 3.48 | \$13.48 |
| 728147 | Volcanoes of the Deep Sea DVD ESTIMATED SHIP DATE IS AUG-23-2006 | 1 | N | 8 .78 | \$8.78 |
| 720276 | Einstein Revealed DVD IN STOCK | 1 | N | 1 1.32 | \$11.32 |
| 752667 | Physics: The Elegant Universe and Beyond DVD Set IN STOCK | 1 | N | 2 1.95 | \$21.95 |
| 754093 | Genius: The Science of Einstein, Newton, Darwin and Galileo DVD Set IN STOCK | 1 | N | 2 7.99 | \$27.99 |
| 710780 | Anatomy of a Snake Bite DVD IN STOCK | 1 | N | 2 1.95 | \$21.95 |
| 710780 | Anatomy of a Snake Bite DVD IN STOCK | 1 | N | 2 1.95 | \$21.95 |
| 726570 | Living with Wolves DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 675579 | The 'Blue Planet' Collector's DVD Set IN STOCK | 1 | N | 4 9.99 | \$49.99 |
| 727065 | Black Sky: The Race for Space DVD Set ESTIMATED SHIP DATE IS AUG-23-2006 | 1 | N | 7 .99 | \$7.99 |

<https://shopping.discovery.com/stores/servlet/OrderOKView?langId=-1&krypto=XHgrIm...> 7/24/2006

**Email Documenting DVD Purchases by Former Executive Director
Using Former Director of Operations BGA Credit Card**

Order Confirmation -- Discovery Channel Store

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| | | | | | |
|--------|--|---|---|--------|---------|
| 687384 | Extreme Engineering: Building Hong Kong's Airport DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 732776 | Blue Angels: A Year in the Life DVD Set IN STOCK | 1 | N | 9 .99 | \$9.99 |
| 688659 | Extreme Engineering: Transatlantic Tunnel DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 710970 | Extreme Engineering: Iceland Tunnels DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 712364 | A Century of Flight DVD Set IN STOCK | 1 | N | 1 4.61 | \$14.61 |
| 687426 | Extreme Engineering: Subways in America DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 687376 | Extreme Engineering: Tunneling Under the Alps DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 740373 | Sky Wars: Ultimate Top Guns DVD Set ESTIMATED SHIP DATE IS AUG-10-2006 | 1 | N | 1 9.99 | \$18.99 |
| 691337 | Secrets of Future Air Power DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 715763 | Destroyer: Forged in Steel DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 699140 | Three Gorges: Biggest Dam in the World DVD IN STOCK | 1 | N | 2 1.95 | \$21.95 |
| 739029 | Extreme Engineering: The Snohvit Arctic Gas Processing Platform DVD IN STOCK | 1 | N | 2 1.95 | \$21.95 |
| 754564 | Secrets of Lost Empires DVD Set IN STOCK | 1 | N | 3 9.95 | \$39.95 |
| 725234 | Submarine: Hidden Hunter DVD IN STOCK | 1 | N | 4 .99 | \$4.99 |
| 719831 | Carrier: Arsenal of the Sea DVD IN STOCK | 1 | N | 2 1.95 | \$21.95 |

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| | | | | | | |
|--------|---|---|---|-------|--------------------|--------------|
| 657536 | Walking with Prehistoric Beasts DVD Set IN STOCK | 1 | N | 8.4 | \$8.40 | |
| 688036 | Life of Mammals DVD Set IN STOCK | 1 | N | 79.95 | \$79.95 | |
| | | | | | Subtotal | \$860 |
| | | | | | Shipping | F |
| | | | | | Estimated Tax | \$39 |
| | | | | | Grand Total | \$700 |

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| | | | |
|---|---|--|----------------------------|
| Across the Universe | Boys on the Side | Dances with Wolves & Master and Commander | Fracture |
| A Day without a Mexican | (The) Brave One | Dan in Real Life | Fred Claus |
| Airplane | Brokeback Mountain | (The) Dark Knight | Freddy vs. Jason |
| All Access - Inside Kentucky Basketball | (The) Brothers Grimm | Day After Tomorrow | Freedom Writers |
| Amazing Grace | (The) Bucket List | Dawn of the Dead | Friday Night Lights |
| Amen | Caddyshack | Day of the Dead | Fun with Dick and Jane |
| American Revolution | Casablanca | Deception | Gangs of New York |
| Animal Hospital | Casino Royale | Dejavu | Ghostbusters |
| Annapolis | (The) Cat Returns | Definitely, Maybe | Ghostbusters 1 & 2 |
| Aquamarine | Catch & Release | Deliverance | Ghost Rider |
| Around the World in 80 Days | Catch Me If You Can | (The) Devil's Own | Girl Interrupted |
| Atonement | Charlie Wilson's War | (The) Devil Wears Prada | Gladiator |
| August Rush | Children of Men | Diary of a Mad Black Woman | Glory Road |
| Aviator | Chill Factor | Disturbia | Godzilla |
| A Walk in the Clouds | Chip n Dale | Dogma x 2 | 1. King of the Monsters |
| Away from Her | Chocolat | Donald | 2. Godzilla vs. Mothaa |
| Baa Baa Black Sheep | (The) Christmas Card | Donnie Darko | 3. Godzilla's Revenge |
| Babel | (A) Christmas Carol | Dreamcatcher | 4. Terror of Mechagodzilla |
| Baby Mama | (The) Chronicles of Narnia x 3 | Dreamer x 2 | 5. Rodan |
| Bad Boys | 1. Prince Caspian | Dream Girls | (The) Golden Compass |
| (The) Backwoods | 2. The Silver Chair | Ellis Island | (The) Golden Compass |
| (The) Bank Job | 3. The Lion the Witch and the Wardrobe | Enchanted | Gone Baby Gone |
| Because I Said So | (The) Chronicles of Narnia - the Lion the Witch and the Wardrobe | English Patient (2) | Gomer Pyle, U.S.M.C. |
| Because of Winn Dixie | Cinderella Man | 50 First Dates | Gone with the Wind |
| Be Cool | Coach Carter | Fantasia | (The) Good Shepherd |
| Bee Movie | Cold Mountain | Fargo | Grace is Gone |
| Beowulf | Collateral | Felon | Great Debates |
| Billy Elliot | Constantine | Flags of our Fathers | (The) Great Debates |
| Blood Diamond Full-Screen Edition | Core | Flicka | Hancock |
| Blood Diamond (HD DVD) | Coyote Ugly | Follow Me Boys | Hannah Montana 2 - CD |
| Bonneville | Crash | Fool's Gold | (The) Happening |
| Bourne Supremacy | | Forgetting Sarah Marshall | Harlem Nights |
| (The) Bourne Ultimatum | | | Harry Potter |

| | | | |
|--|--|--|--|
| Health Inspector (Larry the Cable Guy) Heffalump | (The) Last King of Scotland Last Samurai x 2 DVDs | (The) Motorcycle Diaries Music & Lyrics | Ratatouille Ray |
| High School Musical 2 High School Musical Encore Edition | (The) Lazarus Project Lions for Lambs | Must Love Dogs My Girl | Richie Rich Richie Rich's Christmas Wish |
| Hitch Hogan's Heroes - the complete first edition - 5 discs | Little Children Little Giants | My Sassy Girl Mystic River | Riding High (A) River Runs Through It |
| Hogan's Heroes - the complete fifth edition - 2 discs Home Alone 2 | (The) Little Mermaid (The) Little Mermaid II – Return to the Sea | National Treasure National Treasure 2 | Rudolph Runaway Jury |
| Home Alone 3 Horse Farm | Little Miss Sunshine Little Rascals | Never Been Kissed (The) Never Ending Story | (The) Saddle Club Scooby Doo 2 |
| I am Legend In America | Live Free or Die Hard Love Actually | Night of the Living Dead Nim's Island | (The) Secret Garden (The) Seeker |
| Indiana Jones and the Kingdom of the Crystal Skull Indian Summer | Love Story Lucky Slevin | Nim's Island - Our World No Country for Old Men | Sex and the City Shall we Dance |
| Inherit the Wind In the Name of the King | Lucky You Man of the House | No Reservations (The) Notebook | Sideways Signs |
| Into the Blue Iron Man | Marie Antoinette Martian Child | Ocean's Thirteen (The) Others | Snow Angels Somewhere in Time |
| (The) Island Islands in the Stream | Miss Potter Mr. Bean's Holiday | Out of Time (The) Pacifier | Speed Racer Vol. 2 Speed Racer Vol. 3 |
| Jarhead Jesse James | Mr. Magorium's Wonder Emporium Mr. Woodcock | (The) Pacifier Pan's Labyrinth | Spider Man (The) Statue of Liberty |
| Journey to the Center of the Earth x 2 Joy Ride | Matrix Matrix Reloaded | Peter Pan Pete's Dragon | Starsky & Hutch Star Wars - 1 The Phantom of Menace |
| (The) Junction Boys Kimba the White Lion | Matrix Revisited Meet Bill | Pirates of the Caribbean Pollyanna | Star Wars IV - A New Hope Star Wars V - The Empire Strikes Back |
| King Kong - new version King Kong - old version | Memoirs of a Geisha Michael Clayton | Prehistoric Beast Pride & Prejudice | Star Wars Trilogy State Property |
| Last Emperor Last Holiday | Miss Congeniality 2 x 2 DVDs Mi III | Prime Cut P.S. I Love You | Syriana Tears of the Sun |
| | Monster in Law Monty Python - Meaning of Life | (The) Queen (The) Race to the Moon | 10 Things I Hate About You (The) Terminal |
| | | Racing Stripes | Terminal Gift Set |

| | | | |
|-----------------------|------------------------------|---------------------------------|------------------------------|
| Terminator 3 | Troy | Vantage Point | When a Stranger Calls |
| 300 | 21 | Walking with Prehistoric Beasts | White Squall |
| Titanic | 27 Dresses | Wanted | Wild Hogs |
| Tomb Raider | 20,000 Leagues Under the Sea | (The) War | Wind in the Willows |
| Tombstone | Two-Weeks | (The) Water Horse – | Wizard of Oz |
| Tristan & Isolde | Two Weeks Notice | Legend of the Deep | (The) World's Fastest Indian |
| Tuscan Skies | (widescreen edition) | Wedding Date | Zodiac |
| (The) Tuskagee Airmen | Unaccompanied Minors | We Own the Night | |
| | Untraceable | What Happens in Vegas | |

(most recent list provided)

Anatomy of a Snake Bite
Anatomy of a Snake Bite
Ancient Civilizations
Black Sky
Blue Angels - a year in the life
Carrier: Arsenal of the Sea
(A) Century of Flight
Christmas Unwrapped
(The) Civil War
Destroyer: Forged in Steel
Einstein Revealed
Ellis Island
Extreme Engineering: Biggest Warship
Extreme Engineering: Building Hong Kong's Airport
Extreme Engineering: Iceland Tunnels
Extreme Engineering: Snohvit Arctic Gas Processing Platform
Extreme Engineering: Subways in America
Extreme Engineering: Transatlantic Tunnel
Extreme Engineering: Tunneling Under The Alps
(The) Knights Templar
(The) Life of Mammals
Living with Wolves
Physics: The Elegant Universe and Beyond
Planet Earth
Secrets of Future Air Power
Smart Travels - Florence/Italian Hilltowns
Smart Travels - Naples & The Amalfi Coast/Rome
Smart Travels - Out of Rose/Croatia's Dalmatian Coast
Smart Travels - Venice/Italian Riviera
(The) Statue of Liberty
Technology of Kitty Hawk
Three Gorges: The Biggest Dam in the World
Unsolved History: Aztec Temple
Unsolved History: Roman Coliseum
Unsolved Mysteries of World War II
Valuing Diversity at the Interpersonal Level
Volcanoes of the Deep Sea
(The) War of 1812
Weapons at War
(The) Wright Stuff

| <u>Purchase Date</u> | <u>Vendor</u> | <u>Title Purchased</u> | <u>Purchase Price</u> |
|----------------------|-------------------------|---------------------------------------|-----------------------|
| 5/6/03 | HSBC Best Buy | Cider House Rules | \$14.99 |
| 5/6/03 | HSBC Best Buy | Ocean's Eleven | \$19.99 |
| 10/2/03 | HSBC Best Buy | What A Girl Wants | \$19.99 |
| 2/2/04 | HSBC Best Buy | Tomb Raider 1 & 2 Giftset | \$27.99 |
| 2/2/04 | HSBC Best Buy | American Wedding Extended Party | \$19.99 |
| 3/11/04 | HSBC Best Buy | League of Extraordinary Gentlemen | \$19.99 |
| 3/11/04 | HSBC Best Buy | Thirteen | \$19.99 |
| 5/17/04 | HSBC Best Buy | Friends Finale | \$9.99 |
| 5/17/04 | HSBC Best Buy | Best of Abbott & Costello Vol 1 and 2 | \$20.99 |
| 10/27/04 | HSBC Best Buy | Man on Fire | \$19.99 |
| 10/27/04 | HSBC Best Buy | Garfield: Movie | \$19.99 |
| 12/2/04 | HSBC Best Buy | Spider-Man 2 | \$14.99 |
| 12/7/04 | HSBC Best Buy | Tournament Poker | \$19.99 |
| 12/7/04 | HSBC Best Buy | Zoo Tycoon 2 DVD Promo Monkey | \$39.99 |
| 12/7/04 | HSBC Best Buy | Carnival Cruise Lines Tycoon | \$19.99 |
| 1/24/05 | HSBC Best Buy | I Robot | \$19.99 |
| 2/23/05 | HSBC Best Buy | I Robot | \$19.99 |
| 3/24/05 | HSBC Best Buy | Incredibles | \$17.99 |
| 3/24/05 | HSBC Best Buy | Ladder 49 | \$19.99 |
| 3/24/05 | HSBC Best Buy | Bambi Special Edition | \$19.99 |
| 3/24/05 | HSBC Best Buy | Finding Neverland | \$19.99 |
| 3/24/05 | HSBC Best Buy | Darkness Unrated | \$19.99 |
| 6/3/05 | HSBC Best Buy | Spanglish | \$19.99 |
| 6/3/05 | HSBC Best Buy | White Noise | \$19.99 |
| 6/3/05 | HSBC Best Buy | Life Aquatic | \$19.99 |
| 6/3/05 | HSBC Best Buy | Kinsey | \$19.99 |
| 6/3/05 | HSBC Best Buy | Winnie the Pooh's Heffalump Movie | \$19.99 |
| 6/17/05 | HSBC Best Buy | Winnie the Pooh's Heffalump Movie | \$19.99 |
| 6/17/05 | HSBC Best Buy | Kinsey | \$19.99 |
| 8/9/05 | HSBC Best Buy | Walk in the Clouds | \$11.99 |
| 8/9/05 | HSBC Best Buy | State Property 2 | \$20.99 |
| 9/2/05 | HSBC Best Buy | Sahara | \$15.99 |
| 9/11/05 | HSBC Best Buy | Best of the 70's | \$9.99 |
| 9/11/05 | HSBC Best Buy | 80's Hits | \$9.99 |
| 9/11/05 | HSBC Best Buy | Kaplan SAT/ACT/PSAT 2006 Gold | \$19.99 |
| 9/11/05 | HSBC Best Buy | Bicycle Casino Games | \$19.99 |
| 9/11/05 | HSBC Best Buy | Reel Deal Casino Championship | \$19.99 |
| 9/11/05 | HSBC Best Buy | International Poker Tour | \$9.99 |
| 9/11/05 | HSBC Best Buy | International Poker Tour | \$9.99 |
| 7/27/06 | Discovery Channel Store | The Ultimate Guide: The Human Body | \$4.99 |
| 7/27/06 | Discovery Channel Store | Body Atlas DVD Set | \$75.00 |

DVDs Purchased Not On BGA DVD Library Listings

Exhibit 4

| Purchase Date | Vendor | Title Purchased | Purchase Price |
|----------------------|-------------------------|---|-----------------------|
| 7/27/06 | Discovery Channel Store | 100 Greatest Discoveries DVD Set | \$19.99 |
| 7/27/06 | Discovery Channel Store | Genius: The Science of Einstein, Newton, Darwin, and Galileo | \$27.99 |
| 7/27/06 | Discovery Channel Store | The "Blue Planet" Collector's DVD Set | \$49.99 |
| 7/27/06 | Discovery Channel Store | Sky Wars: Ultimate Top Guns DVD Set | \$19.99 |
| 7/27/06 | Discovery Channel Store | Secrets of Lost Empires DVD Set | \$39.95 |
| 7/27/06 | Discovery Channel Store | Submarine: Hidden Hunter | \$4.99 |
| 12/8/06 | Best Buy | Scooby Doo Double Feature | \$14.99 |
| 12/8/06 | Best Buy | E.T. | \$14.99 |
| 12/8/06 | Best Buy | Ladder 49 | \$14.99 |
| 12/11/06 | Amazon | Home Alone Family Fun Edition | \$14.99 |
| 2/2/07 | Amazon | The Guardian | \$16.99 |
| 2/2/07 | Amazon | Flyboys | \$16.99 |
| 3/30/07 | Best Buy | Pursuit of Happiness | \$15.57 |
| 8/18/07 | Amazon | Premonition | * |
| 8/18/07 | Amazon | The Departed | * |
| 12/28/07 | Wal-Mart | Kingdom | * |
| 9/14/08 | Food Lion | Sweet November | \$10.66^ |
| 10/18/08 | Wal-Mart | Weatherman | |
| 11/12/08 | Amazon | Abbott & Costello The Complete Universal Pictures Collection | \$89.03 |
| 11/18/08 | Amazon | Max Keeble's Big Move | \$13.49 |
| 11/18/08 | Amazon | Dr. Suess' How the Grinch Stole Christmas (50th Birthday Deluxe Remastered Edition) | \$11.49 |
| 11/18/08 | Amazon | A Charlie Brown Christmas (Remastered Deluxe Edition) | \$13.99 |
| 12/2/08 | Wal-Mart | Step Brothers | * |
| 12/10/08 | Amazon | Beauty Shop | * |
| 12/17/08 | Wal-Mart | Juno | * |
| 12/17/08 | Wal-Mart | The Mummy: Tomb of the Dragon Emperor | * |
| 12/17/08 | Wal-Mart | Traitor | * |
| Total | | | \$1,246.66 |

* Multiple items purchased individual item amount not identified

^ Purchased in Emerald Isle, North Carolina





I, John S. Rhodes have purchased a Smith and Wesson
Purchaser

Model 645, 45 caliber semi-automatic pistol from the Lexington Fayette Urban County Airport Board. I do hereby acknowledge the release and subsequent receipt of said weapon from the Blue Grass Airport, Department of Public Safety.

John S. Rhodes
Purchaser

D. Scott Smith
Chief of Public Safety

J. J. Coon
Director of Operations

08/03/2004
Date

**Email Documenting Clothing Purchase by Former Executive Director
Using Former Director of Operations BGA Credit Card**

Exhibit 7

From: CustomerService@eddiebauer.com
Sent: 11/17/2008
To: Gobb, Michael
Cc:
Bcc:
Subject: Your Eddie Bauer order has been received

Dear John Coon,

We've received your order and will begin processing it immediately. Within 24 hours, we'll send an additional order confirmation email with more details and the status of each item.

Your order number is 21346799.

If you haven't already, sign up today for a personal Eddie Bauer web account and you can track this order, plus all future orders! (Please allow 24 hours for your order to appear in our online tracking system.)

Thank you,
Customer Care, Eddie Bauer, Inc.
eddiebauer.com

**Email Documenting Clothing Purchase by Former Executive Director
Using Former Director of Operations BGA Credit Card**

Exhibit 7

From: CustomerService@eddiebauer.com
Sent: 11/17/2008
To:
Cc:
Bcc:
Subject: Thanks for your order with Eddie Bauer (#21346799)

Order Status Your Account Customer Service
Thanks for your order with eddiebauer.com

Dear JOHN COON,

We are currently processing your order 21346799. We'll notify you with another email when your order ships, which will include the expected delivery timeframe.

The current status of each item is listed below:

Order Number
21346799

Description Qty Status

Eddie Bauer 365 EB800 800 Fill Power Down Jacket
Tall, L
Sapphire

1 In stock

Eddie Bauer 365 EB800 800 Fill Power Down Vest
Tall, L
Sapphire

1 In stock

Eddie Bauer 365 WeatherEdge Midweight Shell
Tall, L
Sapphire

1 In stock

Eddie Bauer 365 WeatherEdge Midweight Shell
Tall, XL
Sapphire

1 In stock

Eddie Bauer 365 EB800 800 Fill Power Down Jacket
Tall, XL
Sapphire

1 In stock

**Email Documenting Clothing Purchase by Former Executive Director
Using Former Director of Operations BGA Credit Card**

Exhibit 7

Merrell Snowmotion 6 Lace-up Boot
Merrell® Snowmotion 6, 10.5M
Black

1 In stock

Cocona Windcutter Scarf
Cocona® Windcutter Sc,
Black

1 In stock

180s Light Earband
180s Light Earband,
Black

1 In stock

Please add an additional business day for gift-boxed, monogrammed or hemmed items.

If you haven't already, sign up today for a personal Eddie Bauer web account and you can track this order, plus all future orders! (Please allow 24 hours for your order to appear in our online tracking system.)

We're here to help. If you need assistance with your order, please email us ,
call 1-800-426-8020, or visit the Customer Service section of our website.

We look forward to your next visit,
Customer Care, Eddie Bauer, Inc.
eddiebauer.com

Shop: Men Women Shoes & Accessories Bags & Gear Bedding

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD RESPONSE

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
4000 Terminal Road
Lexington, Kentucky 40511

February 23, 2009

The Honorable Crit Luallen
Auditor of Public Accountants
Commonwealth of Kentucky
105 Sea Hero Road, Suite 2
Frankfort, KY 40601-5404

Re: Draft Report of Examination of Certain Financial Transactions, Policies, and
Procedures of the Lexington Blue Grass Airport (the "**Report**")

Dear Ms. Luallen:

On behalf of the members of the Lexington-Fayette Urban County Airport Board (the "**Board**"), thank you for the time and effort that you and your staff have devoted to your examination of certain financial transactions, policies and procedures of the Blue Grass Airport (the "**Airport**") at the request of the Lexington-Fayette Urban County Council. I am pleased to report, as is indicated below, that the Board has already taken actions responsive to many of your recommendations. I anticipate that the Board will be in a position to act on many of your remaining recommendations by the time you present the Report at its February 25, 2009, meeting. I also appreciate this opportunity to explain the corrective actions the Board has undertaken and continues to undertake.

Finding No. 1: Insufficient controls resulted in questionable purchases and reimbursements. The Report notes that your "analysis identified a total of \$503,291.50 of questionable expenditures from credit card purchases, direct payments, and cash advances...." I note that the four individuals who incurred (and, in the case of the former Executive Director, directed other Airport employees to incur) the vast majority of these charges are no longer employed by the Airport and that the Board has directed the termination of all Airport-paid charge accounts. Moreover, many of the larger charges, while not supported or inadequately supported by appropriate documentation, appear to have been for expenses incurred in conjunction with Airport-related travel. Examples include numerous hotel charges relating to accommodations during industry related conferences and other travel. Although the lack of documentation precludes confirmation of the appropriateness of the entire amount of the charges, it would be likewise misleading to assume that the Airport should not have incurred any costs related to the

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lodging of its executives during travel to airport conferences and on other Airport-related business.

The Board's pre-existing policy regarding employee expense reimbursement provides in relevant part as follows:

"To be reimbursed for authorized expenses, you must submit an expense report/voucher approved by your supervisor, accompanied by receipts."

It has become apparent that the Airport's former Executive Director disregarded many of the Board's policies that were designed to ensure appropriate use of Airport funds. Other members of Airport management staff apparently were in some instances aware of the former Executive Director's disregard for policies, as well as known practices, and failed to notify the Board. Moreover, the management letters provided by the Board's independent certified public accountants, as well as auditors' meetings with the Board, failed to note or even suggest either any of these failures to comply with Airport policies or any insufficiency of the Airport's internal controls in this area. Recognizing that a financial audit does not include an opinion on internal controls, the Board appropriately expects the Airport's auditors to understand the Airport's internal controls and report weaknesses that come to their attention. I am more than a little disappointed that, for many years, neither the auditors' internal controls testing nor the auditors' substantive procedures lead them to give the Board any hint of what you report: among other things, that 96.5% of the former Executive Director's credit card transactions, amounting to more than \$150,000, and 92.4% of the former Executive Director's direct payment and cash advance transactions, amounting to more than an additional \$28,000, had inadequate or no supporting documentation or a questionable business purpose.

You have offered several recommendations regarding this finding, each of which appears in italics below:

"We recommend a travel expense policy be developed that will strengthen controls and minimize the costs of business travel. We recommend the policy require that travel costs incurred be the most reasonable and economical available. We recommend the policy specifically define allowable costs related to airfare, rental cars, personal mileage reimbursement, lodging, meals and entertainment expenses. We recommend the policy explicitly state that expenses not supported by detail[ed], itemized receipt will not be paid by [the Airport]."

The Board has undertaken a review of its policies relating to business travel. At its meeting on February 25, 2009, I anticipate the Board will adopt a revised "Airport Policy Concerning Travel, Business Expenses, Entertainment, and Reimbursement," substantially in the form attached as Exhibit A (the "**Travel Policy**"). Upon adoption, the Travel Policy will dramatically

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strengthen controls and reduce the cost of travel. For example, Section 3.0 of the Travel Policy not only directs employees regarding selection of the lowest available airfare but also provides detailed directives regarding how to obtain the most economical airfare that meets the business requirements of the trip. Section 3.0 of the Travel Policy defines allowable costs related to airfare. Section 7.0 defines allowable costs for car rentals. Section 8.2 addresses personal mileage reimbursement. Section 4.0 defines allowable costs related to lodging. Section 5.0 defines allowable costs for meals while traveling. Sections 6.0, 6.1 and 6.2 define allowable costs for entertainment. Moreover, Section 9.0 adds a list of specific costs for which employees will not be reimbursed.

Finally, Sections 2.5, 2.6, 2.7 and 2.8 of the Travel Policy address the requirement for detailed, itemized receipts. In summary, these portions of the Travel Policy provide that original receipts must be attached to the employees' expense reports, expense reports are due within 60 days after the expense is incurred, expenses may not be reimbursed after 90 days following the close of the month during which the expense was incurred, and in no event will any expense in excess of \$25 be reimbursed without a receipt.

"We recommend the Board review the need to use credit cards. If credit cards are needed, consideration should be given to requiring the employee to pay the credit card balances and reimbursing only those costs supported by an expense reimbursement form. Further, the Board may consider using purchasing cards that provide a line of credit similar to a credit card but allow the airport to restrict the types of purchases that can be made on the card based on certain industry codes. Casinos, specialty retail outlets, and food and beverage establishments are examples of these restrictions. Purchasing cards also restrict the amount that can be spent on a single purchase."

The Board has already reviewed the need for Airport-paid credit cards and determined that the Airport's interests are better served without them. Several weeks ago, the Board directed the retrieval and destruction of all Airport-paid credit cards and the termination of all Airport-paid credit card accounts. These steps have been completed. Upon its adoption, Section 2.2 of the Travel Policy will require that Airport employees "incur all travel, business, and entertainment expenditures via their own personal credit card." Employees will then seek reimbursement for these expenditures pursuant to the provisions of the Travel Policy described above.

"We recommend the Board develop policies related to the use of credit cards and the review procedures that should be required of BGA [management staff members] as well as Board members. We further recommend that BGA management ensure that credit card invoices are paid in a timely manner to avoid late fees and finance charges."

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As is noted above, the Board has already directed the retrieval and destruction of all Airport-paid credit cards and the termination of all Airport-paid credit card accounts. These steps have been completed. Section 2.2 of the Travel Policy requires that Airport employees “incur all travel, business, and entertainment expenditures via their own personal credit card. Unless and until the Board alters its policy to accommodate the establishment of Airport-paid credit card accounts, it would be inappropriate develop policies regarding the use of unauthorized credit cards or the review procedures for such cards. Finally, Section 2.2 of the Travel Policy addresses the timeliness of payment of credit card expenses incurred by employees: “It is expected that all employees will meet *their* credit card payment obligations on a timely basis. Late payment or interest charges are not reimbursable.” [Italics added].

“We recommend the Board require a detail listing of expenditures that exceed the category budget to determine whether the expenditures are allowable. Reimbursements to BGA should be made if an employee expense is disallowed.”

Regarding this recommendation, the Report indicates that some credit card expenditures were inappropriately charged to the Airport and assigned to inappropriate budget categories, such as a \$4,400 strip club charge that apparently was charged against the marketing budget category. The Board has taken and intends to take a number of steps to improve the budgeting process, as well as the validity and transparency of the Airport’s financial reporting—including the comparisons of actual results to budget categories. For example, several weeks ago Mayor James Newberry encouraged the Board to consider a number of safeguards comparable to those required of public companies under the Sarbanes Oxley Act of 2002. Attached as Exhibit B is a copy of the response I sent to Mayor Newberry (the “**Safeguard Recommendations**”). The Safeguard Recommendations outline a number of steps, including the following:

“Section 302 – Corporate Responsibility for Financial Reports

This section requires the principal officer and financial officer certify that they have reviewed the financial reports, the report does not contain any untrue statement or omit any material fact and fairly presents the financial condition and results of operations of the entity and that they are responsible for establishing and maintaining internal controls.

Recommendation – Annually, the Airport Board will require the Executive Director and Chief Financial Officer to review the financial statements and sign a certification which meets the guidelines of this section. A sample draft of this certification is attached.”

In addition to requiring this certification, the Board intends to develop training programs for its

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Executive Director and its chief financial officer to ensure that the Executive Director and the chief financial officer understand the meaning of the certifications required of them and the diligence required of them to make those certifications.

Moreover, as is discussed in later sections of this letter, the Finance and Audit Committee in particular, as well as the Board, will undertake a more active role in both the development of budget category amounts and the monitoring of monthly financial results as compared to the budget so developed. This will include, for example, the development of a marketing and community relations budget that ties the expenditures to specific marketing and community relations goals.

“We recommend a written policy be developed requiring Board Chair or designee to review the expenditures incurred by the Executive Director. The policy should require the Board Chair or designee to state for the Board minutes a review of the Executive Director’s financial activity was performed. Any significant issues resulting from the review should be reported to the Board.”

As I note above, the Board has previously undertaken a review of its policies relating to business travel. I anticipate that, at its meeting on February 25, 2009, the Board will adopt the Travel Policy. Upon adoption, Section 1.0 will require that:

“Employees must have their Supervisor’s written authorization prior to incurring an expense on behalf of the airport other than for certain costs incurred during business-related travel, which will be reimbursed in accordance with the Policy outlined in this document.”

Section 2.1 of the Travel Policy also will require the Board Chair’s approval for all travel by the Executive Director

Additionally, I have requested that the Board’s Finance and Audit Committee consider and make recommendations to the Board regarding the development of Airport policy concerning expenditures of the Executive Director. I have requested that the Finance and Audit Committee consider developing a policy requiring that (i) by the second Wednesday of each month, the Executive Director submit to the Board Chair or the Chair’s designee a report of all expenditures incurred by the Executive Director during the preceding calendar month, (ii) the Board Chair or designee review the reports submitted by the Executive Director and, at the next regular meeting of the Board, confirm the completion of this review, (iii) the Board Chair or designee discuss with the Board any items that reflect violations of the Board’s policies or, in the judgment of the Chair or designee, otherwise merit discussion by the Board, and (iv) the minutes of the regular meetings of the Board confirm the presentation of this confirmation and any associated discussion.

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“We recommend all reimbursement requests made by BGA employees or Board members for gifts or entertainment be documented in detail, which would include a description of the business expense, the name, title and BGA affiliation of the business associate(s) who participated in the meal or entertainment activity, and a description of why the business expense is directly related to the transaction of the BGA's business.”

As I note above, the Board has previously undertaken a review of its policies relating to business travel. I anticipate that, at its meeting on February 25, 2009, the Board will adopt the Travel Policy. Upon adoption, the Travel Policy will impose requirements responsive to this recommendation. Specifically, Section 6.0 of the Travel Policy addresses entertainment and gifts generally. Section 6.1 provides that gifts or entertainment for employees will not be reimbursed without the prior written approval of the Board Chairman, specifying a maximum expenditure limit, the budget element to which the expenditure is to be charged, the business purpose of the expenditure and the intended beneficiaries. Moreover, I anticipate that the Board will consider and adopt, at its February 25, 2008, meeting, a revised Airport Policy Concerning Business Conduct, Integrity, and Ethics, substantially in the form attached as Exhibit C (the “**Ethics Policy**”). Section 9.0 of the Ethics Policy provides that:

“No officer or employee shall apply airport funds for the purchase of any item or service unless specifically authorized in conformance with the Airport’s delegated purchasing authority.”

Thus, a specific delegation of purchasing authority will be required to support any request for reimbursement for any gifts to Airport employees.

Section 6.2 addresses entertainment of and gifts to the Airport’s tenants, customers and suppliers in detail:

“No expenditures for entertainment or gifts for tenants, customers and business partners will be reimbursed without the advance written approval of the Board Chairman. Such approval will specify a maximum expenditure limit, the budget element to which the expenditure will be charged, and will define the business purpose of the expenditure and the intended beneficiaries.

Guidelines for reasonable expenditures will be as outlined in Section 6.0 and 6.1 above. In the case of meals purchased for tenants, customers and business partners, the same guidelines should be used as apply to employee travel, as follows:

- Breakfast should not exceed \$25 per person

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- Lunch should not exceed \$30 per person
- Dinner should not exceed \$50 per person

Proper documentation must be submitted with any request for reimbursement, in accordance with Sections 2.6 and 6.0 above.”

Section 6.3 further adds that Airport-sponsored lunches, team building exercises, holiday parties and similar functions should be approved in advance by the Board Chair, with the approval specifying a maximum expenditure limit, the budget element to which the expenditure is to be charged, the business purpose of the expenditure and the intended beneficiaries.

“We recommend the Board provide an annual formal orientation to new and returning Board members to ensure that there is an understanding of their purpose and responsibilities. The Board’s attorney should lead the orientation and be prepared to provide instructions and answer members’ questions. An orientation manual should be developed to assist with the orientation process and serve as a useful reference tool. The orientation process and the manual should provide the Board members with an understanding of the Board’s structure, operations, and the responsibilities of each member and committee. The orientation manual should provide a description of the BGA’s budget and accounting structure, as well as its revenue and investment information.”

I have requested that the Board’s Finance and Audit Committee, following adoption of the revised policies outlined throughout this letter, develop for consideration by the Board an annual, formal new- and returning-Board member orientation program, with implementation during 2009. I have requested that the Finance and Audit Committee give careful consideration to your recommendations that the Board’s attorney lead the orientation and provide content for the portion of the orientation devoted to the responsibilities of Board members. I have requested that the program provide an orientation manual that includes not only the Board’s policies but also reference materials regarding the responsibilities of Board members and committees, the structure and operations of the Airport, a description of the Airport’s budget and accounting structure, and revenue and investment information.

Finding No. 2: Reimbursements for personal expenses were not required to be made in a timely manner. The Report notes a number of instances in which Airport funds were expended for personal expenses and that reimbursement was sometimes extraordinarily slow (several years) in coming. The Report notes that the Airport’s former Director of Finance and Administration informed you that “there is no policy in place to stipulate when a reimbursement to BGA should take place.” The Report offers three recommendations:

"We recommend the Board review current reimbursement practices and develop a policy relating to the timeliness of expense reimbursements made to the BGA."

I anticipate that, at its February meeting, the Board will approve an Ethics Policy that does not accommodate the practice of advancing Airport funds for personal expenses. Section 9.0 of the Ethics Policy provides that "[n]o officer or employee shall apply airport funds for the purchase of any item or service unless specifically authorized in conformance with the Airport's delegated purchasing authority." The Board has no plan to delegate any general authority to advance Airport funds for personal expenses. Additionally, Section 2.2 of the Travel Policy provides that "[e]mployees are required to incur all travel, business and entertainment expenditures via their own personal credit cards." The Board does not intend for the Airport to advance funds even for business expenses.

"We recommend the policy include a stringent deadline by which the reimbursements must be made and action that will be taken for those that violate the policy. We recommend actions include any alternative means necessary to seek reimbursement."

As is noted above, the Board intends to eliminate the practice of advancing Airport funds for personal expenses. It would be inappropriate to adopt a deadline for the reimbursement of advances that were unauthorized in the first place.

"Finally, we recommend the Board seek reimbursement for those personal expenses incurred by the BGA on behalf of others, which have yet to be reimbursed."

During the past several weeks, the Board has demanded and received reimbursement for improper personal expenses incurred by the Airport, as well as the return of numerous items of personal property purchased with Airport funds. The Board intends to seek and obtain reimbursement for those remaining personal expenses incurred by the Airport on behalf of others.

Finding No. 3: Duplicate reimbursements were made to employees. The Report next describes a handful of instances in which Airport employees requested reimbursement, and were reimbursed, twice for the same expenditure. Although the aggregate amount of the duplicate reimbursements mentioned in the Report is modest, it is disappointing that neither the Airport's financial auditor's internal controls testing nor their substantive procedures brought this issue to the Board's attention. The Report offers one recommendation:

"We recommend a thorough review be performed of reimbursements made to employees to ensure duplicate payments are not made. We recommend that for a

The Honorable Crit Luallen
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reimbursement to be made original supporting documentation must be provided and retained with the request.”

Section 2.5 of the Travel Policy requires the submission of receipts for all expenses over \$25 and specifically states the form the receipt must take for common categories of expenses. Section 2.6 provides procedures for dealing with missing receipts and requires, for reimbursement of any expense exceeding \$25, that a duplicate receipt be obtained. Moreover, Section 2.7 requires the submission of expense reports within sixty days after the date the expense was incurred and adds that expenses may not be reimbursed after ninety days following the close of the month during which the expense was incurred. I have also requested that the Finance and Audit Committee work with the accounting staff to develop procedures to ensure that duplicate payments are not made, such as comparing all expense reports received from a particular employee within the allowable 90-day reimbursement window to ensure no duplicate reimbursements have been requested. Pending completion of this, as noted above, Section 13.0 of the Travel Policy requires the appointment of an internal auditor to ensure that, among other things, expense reimbursements are consistent with the Travel Policy.

Finding 4: The Board did not implement a process to receive information from independent sources. The Report notes that information has come to your attention that may not have been presented to the Board due to an insufficient reporting structure. The Report offers several recommendations:

“We recommend the Board implement a comprehensive organizational structure and process by which they may receive, analyze, investigate, and resolve anonymous concerns from its employees, business associates, customers, and general public. This process should include multiple avenues by which concerns may be expressed, such as a toll-free complaint line, an email and postal address. The potential organizational chart provided should be considered when evaluating organizational changes at BGA. We recommend the position of Manager of Administration be evaluated to determine whether the position responsibility is more in line with that of Administrative Assistant.”

The Board has previously undertaken a review of a number of its policies. I anticipate that, at its meeting on February 25, 2009, the Board will adopt a Whistleblower Policy substantially in the form attached as Exhibit D (the “**Whistleblower Policy**”). The Whistleblower Policy will impose requirements responsive to this recommendation. Specifically, the Whistleblower Policy will direct employees to contact an independent whistleblower protection company to report their concerns. Generally, the company would then work with the Airport’s Manager of Human Resources to address the concern. The Manager of Human Relations would then report such

The Honorable Crit Luallen
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matters to the Internal Affairs Committee on a monthly basis, as part of the report described on page 10, below.

The Board has also previously undertaken a review of the roles of a number of its employees, including the Manager of Administration. I anticipate that recommendations regarding the titles and duties of a number of employees will be considered by the Board within the next three months.

“We recommend the Board consider the creation of an internal audit function. We recommend the Board hire the person for this position and structure reporting of the internal auditor so that information is provided by the internal auditor directly to the Finance/Audit Committee of the Board.”

I recognize the desirability of an internal auditor who would report directly to the Finance and Audit Committee of the Board. I note, however, that the airports identified in the Report as having an internal auditor both serve a dramatically larger number of passengers than does Blue Grass Airport. Moreover, the Board has engaged an airport business management consultant to assist with the review of its policies. The hiring of an internal auditor has not been among the recommendations made by the consultant. I have requested that the Finance and Audit Committee continue to consider this recommendation and review a number of arrangements that could provide an internal audit function, including not only the hiring of a permanent, full-time employee but also the periodic engagement of an internal auditor on a contract basis or through an interlocal agreement with another public agency. The internal audit function will report directly to the Finance and Audit Committee.

“We further recommend that any individual designated to perform an internal audit function be provided not only the responsibility to examine certain matters, but the Board ensure that the individual is empowered with the authority to properly review and investigate matters.”

I have requested that the Finance and Audit Committee take all such steps as may be necessary to ensure that the internal audit function to be established by the Board will have the authority necessary to properly review and investigate matters.

“We also recommend the Board require a monthly report from the Human Resources Manager to its Internal Affairs Committee of any significant personnel issues or actions.”

I have requested that the Chair of the Board’s Internal Affairs Committee direct the Airport’s Manager of Human Relations to provide a monthly report to the Internal Affairs Committee, describing all promotions, demotions, terminations, changes in compensation, bonuses, benefits,

The Honorable Crit Luallen
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contacts to the whistleblower protection company, and other personnel matters the Manager of Human Relations deems to be significant.

"We recommend that in addition to the financial information currently received by the Board, a summary of travel, entertainment, and marketing expenditures that includes credit card purchases, reimbursements, or other forms of payment be provided to the Board. The Board should also receive a check register that lists the payee and dollar amount. A review of this information could lead to additional questions strengthening internal controls."

As I note above, the Board has terminated all Airport-paid credit card accounts. Additionally, Sections 2.5 through 2.8 of the Travel Policy require the timely submission of expense reports. I have requested that the Board's Finance and Audit Committee direct the Airport's accounting department to provide the members of the Finance and Audit Committee with copies of all expense reports, including copies of the supporting documentation, and that the Finance and audit Committee, as part of its monthly report to the Board, confirm that it has reviewed all expense reports submitted and comment upon any issues any member of the Committee determines should be brought to the Board's attention. Pending completion of these steps, Section 12.0 of the travel Policy provides as follows:

"The Board Finance Committee will review each month actual expenditures against budget for all categories of employee travel and business expense reimbursement, including entertainment, training, gifts, and other business expenses for which reimbursements have been made. Action will be taken to ensure that expenses remain within Budget limits."

Finally, I intend to discuss further with members of the Finance and Audit Committee your suggestion that Board members should receive a check register listing payees and amounts. I am uncertain that the time that would have to be devoted to the activity for every Board member to develop the understanding of every check written necessary to make the exercise meaningful would justify the potential incremental benefit arising from the devotion of this effort. If the Finance and Audit Committee elects not to recommend the submission of check registers to the Board, I have requested that it discuss with the Board its thoughts regarding this recommendation and its suggestions for otherwise obtaining assurance of the adequacy of the Board's internal controls.

"Finally, we recommend that the Board's policy include a reference to Kentucky law notifying employees of their rights to protection against retaliation for reporting violations to certain authorities. Upon completion, the Board must assure that the revisions are immediately distributed to all BGA employees."

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Attached as Exhibit D is a copy of the Whistleblower Policy. Section 5.0 includes unqualified statements that:

“The Airport will not tolerate punishment or unfair treatment of any employee who reports illegal or dishonest activities or who participates in an investigation of any such report.... Employees who engage in retaliation will be subject to discipline, up to and including termination.”

Section 5.0 of the Whistleblower Policy also includes an express reference to the protections of an employee rights under KRS 61.102. Upon adoption, copies of the entire Whistleblower Policy will be distributed to all Airport employees.

Finding 5: The Board has used the same auditing firm for approximately 20 years. The Report notes that the Airport has used the same auditing firm for approximately 20 years. The Report adds that a financial audit does not include an opinion on internal control procedures and that the auditor is responsible only for obtaining an understanding of internal controls and reporting any weaknesses that come to their attention. The Report notes that you found hundreds of transactions, totaling over \$500,000 in amount, that had no or inadequate supporting documentation or were for questionable business purposes. Recognizing that a financial audit does not include an opinion on internal controls, the Board appropriately expects the Airport’s auditors to understand the Airport’s internal controls and report weaknesses that come to their attention. For many years, neither the auditors’ internal controls testing nor the auditors’ substantive procedures led them to mention any of this to the Board. This is more than a little disappointing. The Report makes one recommendation regarding this finding:

“We recommend the Board adopt a policy to rotate, at least every fifth year, the auditing firm engaged to perform its annual financial audit. In addition, we recommend that reviews of internal controls be performed to ensure that controls are functioning as designed or needed. The Board should consider whether this function is conducted by an internal auditor ..., addressed with the auditing firm, or that controls are evaluated in another manner.”

As contemplated by the Safeguard Recommendations, the Board’s Finance and Audit Committee is currently seeking a new firm of independent certified public accountants to perform the financial audits of the Airport. Additionally, I have requested that the Finance and Audit Committee develop for presentation to the Board a policy requiring the rotation of auditors in a manner consistent with the requirements applicable to public companies under the Sarbanes Oxley Act of 2002. I have also asked that the Finance and Audit Committee develop for consideration by the Board a procedure for an annual assessment of the Airport’s internal controls, with the results to be reported to the Board and noted in the minutes of the meeting at

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which the results are reported. Pending completion of this, Section 13.0 of the travel Policy provides as follows:

“The Board will implement an audit program to ensure that expense approvals, reimbursements and use of Airport funds are consistent with this Policy. The program should include the appointment of an internal auditor, who should be a senior member of the Airport staff, and an annual audit by the Airport’s external auditor. An audit report by the internal auditor should be presented to the Board Finance Committee at least twice yearly, and an audit report by the external auditor should be presented to the Board at least annually.”

Finding 6: The Board meeting minutes did not sufficiently document Board actions. The report notes several items in support of this finding and makes several recommendations:

“We recommend the Board ensure its meeting minutes adequately reflect all official Board actions.”

I have requested that the Board’s secretary ensure that minutes adequately reflect all Board actions.

“We recommend the Board require more detailed reporting from its subcommittees. For example, we recommend the Finance Committee present reporting specific to certain expenditure types such as monthly travel, entertainment costs, and marketing costs.”

As is noted above, I anticipate that the Board will adopt the Travel Policy at its February meeting. As is also noted above, I anticipate that the Finance and Audit Committee will direct the Airport’s accounting department to provide members of the Committee with copies of all expense reports, including copies of the supporting documentation. Finally, I have requested that the Chairs of each of the Board committees review the scope of their reporting, with a view toward enhanced transparency and accountability. For example, I anticipate that the Internal Affairs Committee will begin to summarize for the Board the monthly reports it receives from the Manager of Human Relations.

“We recommend the Board require presentation of costs related to significant BGA events and sponsorships.”

I have requested that the Finance and Audit Committee develop for presentation to the Board a policy relating to BGA events and sponsorships, including the relationships between the events and the Airport’s strategic marketing and/or staff training and development plans.

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"We also recommend the Board clearly document in its minutes any discussion among its members relating to budgetary issues or concerns. We also recommend any formal action of the Board should be documented in detail. "

The contents of the Report suggest that, although the minutes of the Board's meetings were made available to you, you may not have reviewed the recommendations upon which Board actions are generally based. I have requested that the Board's secretary take appropriate steps to incorporate into the Board's minutes the recommendations upon which the Board's actions are based, such as by reference to the materials provided to the Board relating to the particular agenda item.

The Report notes that you "found no discussion of budgetary amendments or concerns" within the portion of the minutes devoted to the reports of the Finance Committee. I anticipate that the monthly Finance and Audit Committee reports will include a discussion of the reasons for any meaningful variances from budget components. Currently, budget amendments are, from time to time presented to the Board for action, and several are reflected among the minutes of the Board meetings for the period of your review. I have nevertheless asked the Board's Secretary to ensure that any discussions of budgetary matters or concerns be specifically noted in the Board's minutes.

"Finally, we recommend that the Board ensure that closed sessions are entered into in accordance with Kentucky law."

I have directed that the Board's attorney (i) comment upon the sufficiency of all motions to enter closed session, (ii) attend all closed sessions of the Board, and (iii) specifically to advise the Board at any time the Board's deliberations go beyond what is permitted under Kentucky's Open Meetings Act.

Finding 7: BGA policies were not followed after a vehicle accident involving the former Executive Director. The Report indicates you were informed that the Airport's former Executive Director damaged two mailboxes while driving an Airport-owned vehicle and that Airport workers and property were used to repair the mailboxes. The Report recommends the following:

"We recommend the Board evaluate its policy regarding the personal use of equipment by employees to determine whether it is appropriate for BGA equipment to be used for personal use. Further, we recommend the Board be reimbursed the cost of materials and labor to replace the damaged mailboxes. Finally, we recommend that all policies and procedures be consistently followed when a vehicle accident occurs."

The Board has already undertaken and completed a review of its policy regarding personal use of Airport property. I anticipate that it will adopt the Ethics Policy at its February meeting. Section

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9.0 of the Ethics Policy prohibits the use of Airport property for personal purposes. I also have directed the Airport's attorney to demand payment for the cost of labor and materials used to replace the damaged mailboxes. Finally, the Board has taken, and will continue to take a number of steps to ensure better compliance with its policies. As you know, the person responsible for the incident leading to this finding is no longer employed by the Airport. I also anticipate the adoption of the Whistleblower Policy at the Board's February meeting and the eventual taking of the actions described in the Safeguard Recommendations.

Finding 8: Financial records are missing and no action was taken. The Report notes that, during the fall of 2005, financial records were removed from the Airport's accounting office and that no action was taken. It is unclear to me how the Board's independent certified public accountants performed their financial audit for the fiscal year 2005 financial statements without learning of, and bringing to the Board's attention, the apparent absence of these records. In response, the Report recommends:

"We recommend BGA retain scanned electronic images of financial records."

I have requested that the Finance and Audit Committee undertake a comprehensive review of the Board's records retention policy, including consideration of creating and maintaining electronic versions of Airport financial records, and presents recommendations to the Board.

"We further recommend the Board establish a policy to ensure immediate and direct reporting of any missing airport property, including financial records, to the Board. The Board should ensure law enforcement is notified."

I have requested that the Finance and Audit Committee review the Airport's property inventory procedures and develop recommendations, for consideration by the Board, regarding a policy and associated procedures to ensure that the Board is notified of missing Airport property, that law enforcement authorities are not only notified (as I understand they were in connection with the incident described in the report) but also that the matter is appropriately pursued, and that in appropriate cases the Airport's insurers are contacted regarding availability of insurance proceeds.

Finding 9: The Board failed to ensure that travel and related expenditures were justified. The Report notes the absence of documentation regarding certain out-of-state and international trips. You recommend:

"We recommend the Board approve a travel plan in advance and incorporate these trips in the "Training and Travel" budget calculations. Therefore, the approval for these trips would be documented and the cost planned. We further recommend any additional travel needs should be discussed, along with

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anticipated cost and attendees, at the Board meeting so that the Board's approval will be documented."

I have requested that the Board's Finance and Audit Committee review the Airport's budgeting process with a view toward improving transparency and accountability. I anticipate that this will include the presentation to the Board, along with the annual budget, of the travel and training plans whose costs are to be paid from the Travel and Training budget category. I have also requested the development of not only a procedure for Board action regarding additional travel needs but also a procedure to deal with exigencies that give rise to an immediate need for unplanned travel, as sometimes happened during the months following the crash of Flight 5191.

Finding 10: An annual marketing strategic plan was not developed to evaluate the cost and effectiveness of BGA marketing expenditures. Noting the lack of documented marketing goals and plans, you recommend as follows:

"We recommend the Board develop specific marketing goals to monitor the success of BGA's promotional efforts. For each marketing goal, BGA should ensure expenditures for gifts or entertainment is minimized with each activity related to a specific marketing goal. We also recommend the Board use this information to establish spending benchmarks that will assist them with budgeting and management decisions."

I have requested that the Board's General Development and Operations Committee, working with the Airport's Director of Marketing and Community Relations, annually refine and document the Airport's marketing and community relations plans and goals with a view toward assessing the effectiveness of marketing and community relations expenditures and ensuring that only appropriate and effective expenditures are supported. I have also requested that the Board's GDO committee review marketing and community relations plans and expenditure levels at similarly situated airports (in terms of both size and competitive environment) in conjunction with the development of these plans. I have requested the completion and submission to the Board for consideration of these plans prior to the development of the annual budget, so that the plans and associated expenditures may be incorporated into the budget.

Finding 11: The Board did not establish a policy to identify or account for additional benefits or memberships provided to [Certain BGA Employees]. The Report describes certain employee benefits and memberships for which the Airport paid and makes the following recommendation:

"We recommend that each type of benefit provided to an employee be clearly identified in the BGA Employees Policy and Procedures Manual and that benefits are properly accounted for to ensure taxable amounts accrue to the employee. We further recommend organization, association, and membership fees should be

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thoroughly reviewed by the Board to ensure BGA receives a reasonable benefit from these memberships. Finally, we recommend the Board evaluate its practice of providing a vehicle to [certain Airport employees] and especially assess its practice of annually providing a new vehicle to the Executive Director....“

The Board has already retrieved the Airport-owned vehicles previously assigned to the former Executive Director, the former Director of Operations, the former Director of Finance and Administration, the former Director of Planning and Development, and the Director of Marketing and Community Relations. It does not intend to provide vehicles to any of these staff members or their successors, except to the extent necessary for transportation on the airfield, within the Airport's security fence. The only Airport employees who are permitted to take Airport-owned vehicles home are the Manager of Public Safety and the Manager of Maintenance, and neither of them is permitted to make personal use of the Airport vehicles assigned to them (other than for purposes of commuting to and from the Airport). I have requested that the Finance and Audit Committee develop for consideration by the Board recommendations regarding the establishment of vehicle allowances for certain employees.

Second, I have requested that the Board's Internal Affairs committee undertake a comprehensive review of the Airport's Employees Policy and Procedures Manual. Among the items to be addressed will be the incorporation of a statement to the effect that changes in the benefits available to any Airport employee may be made only by modifications to the Employees Policy and Procedures Manual or specific Board action.

Third, I have requested that, in conjunction with the development of the marketing and community relations plans discussed above, the Board's General Development and Operations Committee review all of the Airport-paid memberships in trade, civic, social and other organizations to determine whether the extent to which the Airport should continue to support those memberships as a component of the Airport's marketing and community relations budget. I anticipate that the Board will discontinue those not incorporated into the plans.

Pending completion of that review, the Travel Policy addresses memberships as follows:

“No expenditures related to membership of any club or organization, either for the Airport or for an individual Board Member or employee, will be reimbursed without the prior written approval of the Board Chairman. Proper documentation must be submitted with any request for reimbursement, in accordance with Section 2.6.”

Finding 12: BGA former Executive Director's salary was substantially higher than other airport executives surveyed; [Certain Employees'] salaries increased significantly. Noting that the salary paid to the Airport's former Executive Director exceeded that of chief executives at other

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airports you contacted and that the salaries of certain other Airport employees increased significantly, you recommend as follows:

“We recommend the Board review BGA’s current salary ranges to evaluate the reasonableness of [certain management] level salaries as well as other BGA employees. An independent review of salary ranges should be considered to ensure that salaries are comparable with other airports that are the size of BGA. We further recommend information regarding future salary ranges be developed or verified by an independent source.”

The Board has already engaged an independent consultant to review the salary ranges for Airport employees. Airport size is prominent (but not alone) among the factors being considered by the consultant in conjunction with the review of salary ranges. The consultant has developed some recommendations for reductions in compensation, and I anticipate the presentation of these and other compensation recommendations to the Board for action within the coming weeks. I have also asked that the Board’s Internal Affairs Committee develop for consideration by the Board a policy contemplating an independent review of future salary range adjustments.

“Finally, we recommend the Board review the salary increases recommended by the Executive Director and document their review on the prescribed form.”

I have requested that the Board’s Internal Affairs Committee obtain annually from the Executive Director a report regarding, and discuss with the Executive Director, the rationale for all compensation adjustments (including bonuses) that are significantly more or less than the average compensation adjustment for all employees. I have further requested that, following completion of this process, the matter be reported to the Board and that the delivery of the report be noted in the minutes of the Board meeting at which the report is delivered.

Finding 13: Excessive spending occurred for BGA employees and tenants’ parties and gifts. The Report notes numerous gifts and employee and tenant parties and makes the following recommendations:

“We recommend that in establishing policies the Board be mindful of the standards of accountability that public officials are held to. Included in these standards are requirements that expenditures must be reasonable, beneficial to the public, and not predominantly personal in nature.”

As is noted above, I anticipate the adoption of the Travel Policy and the Ethics Policy at the Board’s February meeting. Substantial effort has gone into ensuring that these policies take appropriate notice of the standards of accountability to which public officials are held.

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"We recommend the Board review the BGA practice of gifting to itself and employees and establish better guidance within its policies for the purchase of such discretionary items."

As is noted above, I have requested that the Board's Internal Affairs committee undertake a comprehensive review of the Airport's Employees Policy and Procedures Manual. Among the items being addressed is the incorporation of a statement to the effect that changes in the benefits available to any Airport employee may be made only by modifications to the Employees Policy and Procedures Manual or specific Board action. This includes gifts to employees or Board members.

"In addition, we recommend BGA ensure the purchase and distribution of such discretionary gifts are clearly documented to allow for scrutiny and better accountability of those purchases."

As is noted above, I have requested that the Board's Internal Affairs committee undertake a comprehensive review of the Airport's Employees Policy and Procedures Manual. Among the items being addressed is the incorporation of a statement to the effect that changes in the benefits available to any Airport employee may be made only by modifications to the Employees Policy and Procedures Manual or specific Board action. This includes gifts to employees or Board members. To the extent that gifts are permitted, the Manual will be modified to specify the records to be maintained or the Board action will so specify.

Finding 14: BGA funds were used to purchase over 400 DVDs, many of which are not accounted for. The Report recommends:

"We recommend the Board either seek compensation or an accounting for the DVDs that were not included in the DVD library."

During the past several weeks, representatives of the Board have demanded and received the return of numerous items of Airport-owned personal property, including several DVDs, as well as reimbursement for numerous other items. The Board intends continue to seek and obtain the return of Airport-owned property or appropriate compensation.

"We recommend the Board review the DVD Library program and make a determination as to the benefit to the BGA to continue to purchase DVDs."

With the departure of the former Executive Director, the Airport-paid purchases of DVDs for entertainment purposes have been discontinued. I have requested that the Board's Internal Affairs committee review, among other things, the DVD library to determine whether the Airport should retain, sell or otherwise appropriately dispose of, the existing DVD library, as well as

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many other items of personal property purchased with Airport funds by former Airport employees.

Finding 15: Management spent excessively on team-building events, including one outing costing over \$7,400. The Report notes several "team building" events, and you offer the following recommendations:

"We recommend the Board review the BGA practice of incurring the expense of team-building exercises to determine if this is an acceptable use of BGA funds. We recommend the Board consider the costs and benefits, if any, that BGA would receive."

I have requested that the Board's Internal Affairs Committee review the use of Airport funds for team-building exercises and present to the Board a recommendation regarding the continuation of this practice. Pending the completion of this review, Section 6.3 of the Travel Policy requires the prior written approval of the Board's Chair for any teambuilding expenditures.

"If the Board deems the practice of team building exercises acceptable, we recommend the Board establish a policy relating to the practice. The policy should provide guidelines for such activity including a prior notification be made to the Board along with an explanation as to the anticipated cost and benefit."

I have asked that, if the Internal Affairs Committee recommends the continuation of team-building exercises as an appropriate use of Airport funds, it develop, for consideration by the Board, a policy requiring that (i) the cost of any team-building exercises be incorporated into the annual budgeting process, and (ii) even if funds are budgeted for team building exercises, any expenditures for this purpose must be specifically approved by the Board prior to their incurrence and noted in the minutes of the Board meeting. This will allow the Board to determine, on a case by case basis, the costs and benefits the Airport would receive from any particular team-building exercise. Pending the completion of this review, Section 6.3 of the Travel Policy requires the prior written approval of the Board's Chair for any teambuilding expenditures. Without in any way impugning the entertainment value of the "Richard Petty Driving Experience," I can assure you that the Board never voted to approve the expenditure of \$7,400 so that several now-former employees could drive race cars.

"Finally, we recommend the Board establish a policy to clarify the type of expenditures that are allowable while attending conferences. The policy should provide examples of activities that are to be paid for personally by the employee and not the responsibility of BGA. For example, family expenses are considered personal expenditures and as such should not be paid by BGA."

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As is noted above, I anticipate that the Board will adopt the Travel Policy at its February meeting. The Travel Policy addresses this issue comprehensively.

Finding 16: Bonuses and vacation pay were made to certain employees at the discretion of the Executive Director. The Report notes that the former Executive Director “arbitrarily” paid bonuses and directed violations of the Board’s policy regarding vacation pay. Although the amounts mentioned in the Report are relatively modest, this is yet another occurrence in which I am disappointed that the Board’s financial auditors failed to notice and bring to the attention of the Board. You recommend the following:

“We recommend the Board examine the practice of awarding employee bonuses and vacation payouts. We recommend the Board establish a policy providing the criteria and guidelines for such payments and establish a formal process to document the purpose in the award and the approvals. We further recommend the action should be recorded in the personnel file of the BGA employee receiving the payment.”

As is noted above, I have asked that the Board’s Internal Affairs Committee undertake a comprehensive review of the Airport’s Employees Policy and Procedures Manual. Among the items being addressed are criteria and guidelines for the award of bonuses (assuming bonuses are to be permitted), as well as the process to document the award and approval of the bonuses. I have requested, that, if bonuses are to be permitted, the Manual be revised to require notation of the awards in the employees’ personnel files.

“We recommend the Board review its policy on the accrual of vacation leave for its employees and consider the significant amount of funds expended for this purpose. We recommend the Board consider eliminating the payouts to [certain management-level employees] and align the policy for [certain management-level employees] with that of other employees.”

As is noted above, I have asked that the Board’s Internal Affairs Committee undertake a comprehensive review of the Airport’s Employees Policy and Procedures Manual. Among the items being addressed are the appropriateness of, and modifications to, the policy regarding payouts to certain employees. I anticipate that the Internal Affairs Committee will recommend the elimination of vacation leave payouts.

Finding 17: Timing of payroll and sick leave payouts not in compliance with Board policies. The Report notes inconsistencies in payroll payment dates—specifically occasional payroll advances—as well as inconsistent dates of payments for sick leave. Although the Report does not indicate the frequency with which payroll advances were made, assuming a significant

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number of advances, this is yet another occurrence that I would have expected the Board's financial auditors to find and bring to the Board's attention. You recommend as follows:

"We recommend the Board immediately stop the practice of allowing an employee to receive a payroll check prior to the established payday."

I have asked that the Finance and Audit Committee develop, for consideration by the Board, a policy that will prohibit payroll advances.

"We further recommend that the Board review its policy on payments of excess sick leave hours to employees to determine a more cost effective policy that is beneficial to BGA and its employees."

As is noted above, I have asked that the Board's Internal Affairs Committee undertake a comprehensive review of the Airport's Employees Policy and Procedures Manual. Among the items being addressed is the policy on payments of excess sick leave hours, and I anticipate the policy will not survive in its present form.

Finding 13: The BGA nepotism policy was violated on at least three occasions. The Report notes that the Airport hired three children of then-current Airport employees and that the employment of all three was discontinued during the examination period. The Report recommends:

"We recommend that employees sign an acknowledgement form stating that they have received and understand the Board Ethics Code and Conduct. We further recommend the Board evaluate its current Ethics Code and Conduct policy to ensure it is up-to-date. We recommend the BGA Human Resources Manager report any issue regarding nepotism to the Board."

As is noted above, I have asked that the Board's Internal Affairs Committee undertake a comprehensive review of the Airport's Employees Policy and Procedures Manual. Among the items being addressed is a requirement that employees sign, annually, an acknowledgement confirming receipt of the Manual as well as policies of the Board, including the Ethics Policy.

Additionally, the Board has undertaken a review of the Ethics Code and Conduct and, as I note above, I anticipate that the Board will adopt the Ethics Policy at its February meeting. Section 4.0 of the Ethics Policy appropriately addresses nepotism. Although not part of the Ethics Policy, I have requested that the Chair of the Board's Internal Affairs Committee direct the Airport's Manager of Human Relations to provide a monthly report to the Internal Affairs Committee, describing certain matters. This will include a statement that the Manager is aware of no violations of Airport policies or a description of any violations of which the Manager is

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aware. This information will then be incorporated into the Internal Affairs Committee's monthly report to the Board.

Finding 19: BGA control and oversight of [Certain Employees'] use of fuel was insufficient. The Report notes the usage of copious amounts of gasoline for which the Airport paid and recommends as follows:

"We recommend BGA review its policy regarding the purchase of fuel for [certain employees] and consider providing a monthly allowance, allow fuel to be acquired only on site, or determine some other means of providing more accountability over the use of fuel."

The Board has discontinued the practice of providing automobiles for personal use and eliminated the practice of providing fuel for personal use (except that the Manager of Public Safety and the Manager of Maintenance are permitted to use Airport-owned vehicles for commuting to and from the Airport). As I noted above, I have requested that the Board's Internal Affairs Committee develop recommendations regarding the appropriateness of vehicle allowances for certain other Airport employees.

"We recommend BGA perform a comprehensive analysis of fuel consumption for each vehicle on a monthly basis."

The Board has reduced the risk that an individual may fuel a personal vehicle by terminating all Airport-paid credit card accounts, including those for fuel cards. This limits the risk to the onsite fueling system, which operates via a dual key system. Additionally, I have requested that the Internal Affairs Committee direct the taking of the steps necessary to obtain monthly reporting from the onsite system by individual.

"We also recommend BGA ensure its staff have adequate knowledge of the onsite fueling system to be able to produce reports to use in a monthly reconciliation process."

As is noted above, I have requested that the Internal Affairs Committee direct the taking of the steps necessary to obtain monthly reporting from the onsite system by individual. This will include a monthly reconciliation process.

Recommendation 20: BGA did not develop comprehensive information technology policies. The Report notes that the Employee Policies and Procedures Manual does not provide comprehensive policies regarding an employee's responsibilities related to information system usage and security. You recommend as follows:

"We recommend BGA develop information system policies that explicitly define user responsibilities as they relate to information system resources and applications. These policies should cover, at a minimum:

- *Securing of user id and password;*
- *Protection against computer virus or mal-ware infection;*
- *Legal notice at logon indicating system is to be used for authorized purposes only;*
- *Securing unattended workstations; and*
- *Securing portable devices, such as laptops, Blackberries, cell phones, etc."*

I have requested that the Board's Finance and Audit Committee review the Board's document retention and information resources management policies and develop recommendations for the Board. This includes a review of all of the matters described in your recommendation.

Finding 21: BGA computer equipment inventory listing did not capture essential information to adequately identify computer equipment. The Report notes that the Airport's computer equipment inventory listing did not contain sufficient information to confirm the Airport's possession of specific items of equipment. You recommend as follows:

"We recommend that BGA develop a formal policy identifying what computer equipment items will be considered a fixed asset. Once this designation has been made, the existing inventory listing should be revised to include the following identifying information related to each piece of equipment:

- *Description of equipment;*
- *Vendor name;*
- *Model number;*
- *Serial number;*
- *Acquisition date; and*
- *Acquisition cost.*

Further, a thorough review of all computer equipment owned by the Board should be performed to ensure that the inventory listing is complete and accurate. Any equipment anticipated to be held by BGA, but not found during the physical review of equipment, should be investigated and, if applicable, reported as a claim against the BGA insurance policy. Once the inventory listing has been validated, any acquisitions and dispositions of computer equipment that

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fall within the fixed asset policy should cause an appropriate update to the inventory listing.”

I have requested that the Board’s Finance and Audit Committee review the Board’s document retention and information resources management policies and present recommendations for the Board. This includes all of all of the matters described in your recommendation.

Finding 22: Two [employees] were made public safety officers and were issued handguns though not in compliance with BGA policy not a requirement of the job descriptions. The Report notes that the Airport’s former Executive Director and another former employee were appointed as Airport public safety officers during 1998 and 1987, respectively, and that handguns were issued to these individuals. You recommend as follows:

“We recommend the Board ensure that the former Director of Administration and Finance has been officially removed as a Board police officer. “

I have directed that this be done, and upon its completion I will so report to the Board, requesting that the removal be noted in the minutes of the Board meeting.

“We recommend the Chief Public Safety Officer ensure that only qualified individuals responsible for public safety as part of their job requirements be made BGA safety officers.”

I have requested that the Board’s Internal Affairs Committee review the Airport’s practices for appointing Airport safety and security officers and develop for presentation to the Board a policy requiring that no person be appointed as an Airport safety and security officer until such time as (i) the Chief Public Safety Officer has confirmed that such person’s Airport job requirements include public safety and that such person meets all applicable requirements of Kentucky law and the Board’s policies relating to such an appointment (with a copy of such confirmation to be retained in such person’s personnel file), (ii) the Executive Director has presented to the Board a recommendation that such person be so appointed, and (iii) the Board has approved the appointment.

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On behalf of the Board, I would like to thank you and your staff for the extraordinary amount of effort that has been put into the audit of the Airport and the development of your recommendations. Although I remain deeply disappointed in the conduct of former employees in whom the Board placed trust, particularly including the former executive director, I have been impressed with the professionalism with which you and your staff have handled this matter. Please let me know if you have additional questions or would like additional information regarding the responses set forth in this letter.

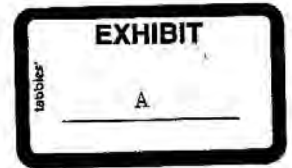
Very truly yours,



J. Robert Owens, Chairman

Enclosures

cc: Members of the Lexington-Fayette
Urban County Airport Board



AIRPORT POLICY CONCERNING TRAVEL, BUSINESS EXPENSES,
ENTERTAINMENT, AND REIMBURSEMENT

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AIRPORT POLICY CONCERNING TRAVEL, BUSINESS EXPENSES, ENTERTAINMENT, AND REIMBURSEMENT

1.0 STATEMENT CONCERNING TRAVEL, BUSINESS EXPENSES, ENTERTAINMENT, AND REIMBURSEMENT

This policy concerning Travel, Business Expenses, Entertainment and Reimbursement (the Policy) is intended to provide:

1. A consistent means for the Lexington-Fayette Urban County Airport Board (the Airport) to **control** travel, business, and entertainment expenses
2. A **clear** and **transparent** policy and set of procedures to guide employees undertaking business travel and incurring business and entertainment expenses for which they seek reimbursement
3. Full **disclosure, recording** and **accountability** for all expenditures for which reimbursement is claimed

Employees will be reimbursed for prudent and reasonable actual business-related expenses in accordance with this Policy. All expenditures approved for reimbursement by the Board Chairman, any other member of the Board, or by appropriate employee supervisors must recognize the standard of prudence and accountability to which public officials are held. Included in these standards are requirements that expenditures must be **reasonable, beneficial to the public, and not predominantly personal in nature.**

To be eligible for reimbursement, all expenses must be **directly related to the active conduct of Airport business, and must have proper substantiation consistent with current IRS documentation requirements.** Employees must have their supervisor's written authorization before incurring an expense on behalf of the Airport other than for certain costs incurred while on business travel, which will be reimbursed in accordance with this Policy. Reimbursement requests must be submitted within 60 days of incurring said authorized and reimbursable expenses.

1.1 SCOPE

This policy applies to all Airport employees and Board of Director members.

1.2 RESPONSIBILITY AND ENFORCEMENT

Each employee is responsible for complying with the Travel, Business Expenses, Entertainment, and Reimbursement Policy. The employee's supervisor or other delegated authority is responsible for accurately reviewing expense reports for compliance and approval.

The Airport will reimburse employees for all actual and reasonable expenses in compliance with this policy while acting or traveling on authorized Airport business. Employees who do not comply with this policy may be subject to:

1. Delay or denial of reimbursement.
2. Disciplinary action, up to and including termination.

2.0 TRAVEL AND ENTERTAINMENT - PAYMENT AND REIMBURSEMENT

2.1 BUSINESS TRAVEL APPROVAL PRIOR TO TRAVEL

Airport Employees and Board Members may be required to travel to other cities for the purpose of representing the Airport on official business. Each trip taken must benefit the Airport in some capacity. Travel must be approved under following guidelines:

1. Subordinate's travel approved, in advance, by the employee's Department Director
2. Department Director's travel approved, in advance, by the Executive Director,
3. Executive Director's travel approved, in advance, by the Board Chairman,
4. Board Member's travel approved, in advance, by the Board Chairman or the Executive Directors and Chairman of the Finance Committee.

All approvals of travel should indicate the budget element to which the expense is to be charged

Reasonable costs incurred during business travel do not require pre-approval, but will only be reimbursed in accordance with this Policy.

A summary of all reimbursed travel, business, and entertainment expenses while on Airport business will be submitted to the full Airport Board each month, as part of the Finance Committee report.

2.2 METHOD OF PAYMENT

Employees are required to incur all travel, business, and entertainment expenditures via their own personal credit card. It is expected that all employees meet their credit card payment obligations on a monthly basis upon receipt of the credit card statement. Late payment or interest charges are not reimbursable.

2.3 METHOD OF PAYMENT: EMPLOYEE ADVANCES

Employee business expense advances are on an exception basis only with pre-approval by the employee's supervisor. Travel, business, and entertainment expenses for employees without personal credit cards should be booked and expensed by the individual's immediate supervisor.

2.4 REIMBURSEMENT OF EXPENSES PRIOR TO DATE OF TRAVEL

Airline tickets purchased may be reimbursed in advance of travel, only with the approval of the Executive Director.

2.5 EXPENSE RECEIPT GUIDELINES

Receipts are required for all expenses over \$25 regardless of the form of payment.

Receipts are required for all hotel lodging expenses.

For airline tickets the required receipt is the airline invoice. An invoice from a confirming e-mail or a printout from a travel agency or airline is permissible. The invoice should indicate date of travel, class of service, destination, routing, ticket number, ticket cost and payment methodology.

All receipts must be attached and included in the employee's expense report submission.

2.6 SUPPORTING DOCUMENTATION

All reimbursement requests must include the original supporting invoice, voucher, charge slip, etc.

To be eligible for reimbursement, an expense must be directly related to the active conduct of Airport business and must have proper substantiation consistent with current IRS documentation requirements. These requirements include the date of the expense, the amount of the expense, the identity of the facility making the charge, the business reason for the expenditure, and who benefited from the expense, or who was entertained, if applicable. If multiple people were entertained, then a complete list of those who benefited must be submitted with the expense claim for the costs involved. Expenses without proper substantiation per these guidelines will not be reimbursed, except as outlined below.

From time to time, employees may lose a receipt. If the lost receipt is for less than \$25, the employee should create a receipt by writing the vendor, date, dollar amount, business purpose, and who benefited from the expenditure on a piece of paper. The "receipt" then must be approved and signed off by the employee's supervisor before submission for reimbursement.

If the missing receipt is for greater than \$25, the employee should contact the merchant for a duplicate copy of the receipt. Hotels, restaurants, airlines, and rental car companies will all provide duplicate receipts on request.

2.7 TIMING OF EXPENSE REPORT SUBMISSION

Expense reports are due within 60 days of the date the expense was incurred. Expenses may not be reimbursed after 90 days after the close of the month in which the expenses were incurred.

2.8 EXPENSE REPORTING

All expense reports should be completed by each employee seeking reimbursement. For reimbursement to be made, each report must be complete and meet the IRS guidelines for expense documentation.

3.0 AIR TRAVEL

3.1 BOOKING U.S. DOMESTIC AIR TRAVEL

Travelers are expected to select the lowest airfare available that meets the business requirements of the trip.

Travelers are expected to follow these guidelines when making domestic travel plans:

1. Travelers should book non-refundable, restricted tickets. In the event of a change or cancellation of a trip, the employee should check with the issuing travel agency or airline to determine the rules for re-issuance. Unused non-refundable tickets should be reported to the individual's supervisor.
2. When possible travelers should book flight reservations well in advance of the travel date to obtain lower rates.
3. All U.S. domestic travel (including Hawaii) is to be booked in Economy Class. Business or first class fares will not be reimbursed for U.S. domestic travel (including Hawaii). Upgrades are a personal expense and are not reimbursable.

4. Travelers are not permitted to select more expensive flights to accumulate frequent flier points.
5. Travelers must depart from and return to the Airport when traveling on Airport business. An alternative airport may be used with manager approval only if appropriate under the circumstances.

3.2 BOOKING INTERNATIONAL AIR TRAVEL

Business class travel can be booked for international flights lasting at least 5 hours. International flights under 5 hours should be booked in the least expensive coach class fare available. First class travel will not be reimbursed under any circumstances.

3.2.1 International Travel, Documentation, and Costs

International documentation costs for visas, passports, immunizations, etc. will be reimbursed at cost.

3.3 UNUSED REFUNDABLE AND NON-REFUNDABLE TICKETS

Unused refundable tickets should be submitted to the airline for a refund.

From time to time changes in travel planes necessitate the cancellation of a non-refundable ticket. Non-refundable tickets should be cancelled before the date of travel. Non-refundable tickets that are not cancelled in advance of travel retain no value.

Once reimbursed to the traveler, any remaining value on a non-refundable ticket belongs to the Airport. Although the penalties vary from airline to airline, most airlines allow the reuse of non-refundable tickets less a change fee penalty (typically \$150). Change fees on the day of travel will be reimbursable with a receipt.

When booking future travel, every effort should be made to use the value on non-refundable tickets first since most unused non-refundable tickets expire twelve (12) months from date of issue. It is the traveler's responsibility to check with the carrier or agency to determine the expiration policy on an unused non-refundable ticket.

3.4 FAVORS FROM AIRLINES

Employees should under no circumstances solicit or accept favors from airlines including, but not limited to, free travel, free upgrades (other than on terms available directly to the employee) free club room access, or free meals.

3.5 EXECUTIVES FLYING TOGETHER

No more than 3 members of the Senior Management Team may travel together on any commercial airline flight.

It is strongly recommended that no more than two senior officers and a maximum of two direct subordinates travel on the same aircraft, commercial or private.

The only exceptions to this policy are in those instances where there will be a significant loss of executive time or inability to make reasonable schedule connections and commitments.

3.5 LOST OR EXCESS BAGGAGE

The Airport will not reimburse travelers for personal items lost or stolen while traveling on business. The airlines will provide compensation if a checked bag is lost.

4.0 HOTEL

4.1 SELECTING ACCOMMODATIONS

Travelers should follow these guidelines:

1. When booking hotel rooms, every effort should be made to select properties whose rates include internet connectivity and/or breakfast. Typically, travelers should look to stay at a mid-priced property that provides business amenities. Travelers should book a Standard room. When booking hotel reservations through the internet, employees should be certain to check cancellation penalties since many on-line hotel rates have significant cancellation penalties.
2. Room rates should be verified at check-in and travelers should inquire regarding availability of lower rates.
3. Upgrading accommodations to suites or concierge level floors is at the traveler's own expense and not reimbursable.
4. Deluxe or luxury hotels are not approved for employee travel unless the cost is equal to or less than that of the mid-priced property hotel within the same area although travelers attending a specific meeting or conference being held in a particular hotel are excluded from this policy.

4.2 HOTEL TELEPHONE AND INTERNET

Hotel telephone and internet charges are reimbursable. Whenever possible, opt for hotels providing free internet as a part of the base rate for the hotel room.

4.3 HOTEL AMENITIES

Health Club fees up to \$15 per day are reimbursable.

Mini Bar charges up to \$10 per hotel night are reimbursable as an alternative to one meal per day.

4.4 NO SHOW CHARGES

Hotel reservations are guaranteed to your credit card for late arrival. Most hotels require notice of cancellation on the day prior to arrival. Cancellation times and penalties vary by hotel. The employee's responsibility to notify the travel agency or the hotel of a pending cancellation. "No-show" charges for failure to cancel hotel reservations are reimbursable only with the approval of the traveler's supervisor.

5.0 MEALS WHEN TRAVELING

Employees should be prudent in selecting restaurants and incurring expenses for meals. It is reasonable to select dining places equal in quality to establishments they typically frequent on their own.

Breakfast: Whenever possible, employees should select hotels whose base rates include breakfast in the rate. When paying for breakfast, as a general guideline, breakfast should not exceed \$20 per day.

Lunch: Employees should use \$30 guideline for lunch expenditures when traveling out of town. Alcohol should not be consumed during the business day.

Dinner: Employees should use a \$50 guideline for dinner expenditures when traveling out of town.

Although maximum guidelines for each meal total \$100, employees should endeavor to keep total daily meal costs less. The meal guidelines are not to be considered a per diem.

6.0 ENTERTAINMENT AND GIFTS -- GENERAL

Under certain circumstances, and with approvals as outlined below, expenditures may be permitted for entertainments and gifts for staff, or for tenants, customers and business partners. In all such cases, the expenditures must be reasonable, beneficial to the public either directly or indirectly, and should not be predominantly personal in nature.

In all cases, reimbursement for such expenditures should be in accordance with Section 2.6 of this policy. Expenditures for entertainment and gifts are to be fully documented, including the identity of the vendor, the date, the beneficiaries of the expenditure, and the amount expended. Evidence of the pre-approval of the expenditure must be submitted with the request for reimbursement.

6.1 GIFTS AND ENTERTAINMENT FOR STAFF

No expenditure for entertainment or gifts for employees will be reimbursed without the advance written approval of the Board Chairman. Such approval will specify a maximum expenditure limit, the budget element to which the expenditure is to be charged, and will define the business purpose of the expenditure and the intended beneficiaries.

In all cases, the expenditure for staff gifts and entertainment should be reasonable, and consistent with the standards of prudence and accountability to which public officials are held. Proper documentation must be submitted with any request for reimbursement, in accordance with Sections 2.6 and 6.0 above.

6.2 GIFTS AND ENTERTAINMENT FOR TENANTS, CUSTOMERS, AND BUSINESS PARTNERS

No expenditures for entertainment or gifts for tenants, customers and business partners will be reimbursed without the advance written approval of the Board Chairman. Such approval will specify a maximum expenditure limit, the budget element to which the expenditure will be charged, and will define the business purpose of the expenditure and the intended beneficiaries.

Guidelines for reasonable expenditures will be as outlined in Section 6.0 and 6.1 above.

6.3 MEALS FOR TENANTS, CUSTOMERS, AND BUSINESS PARTNERS

In the case of meals purchased for tenants, customers and business partners, the same guidelines should be used as apply to employee travel, as follows:

- Breakfast should not exceed \$25 per person
- Lunch should not exceed \$30 per person
- Dinner should not exceed \$50 per person

Reimbursements of up to \$25 per person will be allowed for entry fees or related expenses associated with meals which are a requirement for establishment entry. Amounts in excess of this limit must be approved in advance by the Board Chairman.

Proper documentation must be submitted with any request for reimbursement, in accordance with Sections 2.6 and 6.0 above

6.4 SPONSORED AIRPORT EVENTS

Official Airport events such as promotional events, teambuilding, office luncheons, happy hours, holiday parties, etc are at the discretion of management and should only be incurred in moderation. These events should be approved in advance by the Board Chairman. Such approval will specify a maximum expenditure limit, the budget element to which the expenditure is to be charged, and will define the business purpose of the expenditure and the intended beneficiaries.

Proper documentation must be submitted with any request for reimbursement, in accordance with Sections 2.6 and 6.0.

7.0 CAR RENTAL

Rental cars have become significantly more expensive in recent years. Rental cars should be used only when the rental cost is less than that of other available transportation such as taxis or Airport shuttle bus services or when circumstances make a rental car the most appropriate means of transportation.

7.1 CAR TYPE

All employees should rent mid-size cars. Full-size vehicles may be rented when three (3) or more employees are traveling together or the nature of the work requires a larger vehicle. Luxury and exotic cars are not reimbursable.

7.2 VEHICLE REFUELING

Travelers should make reasonable efforts to refuel prior to returning the vehicle to the rental car facility to avoid fuel surcharges.

7.3 INSURANCE

Because an individual's automobile insurance policy generally includes insurance coverage for non-owned vehicles, please decline supplemental insurance when booking rental cars. Personal items in the vehicle including unattached handheld GPS generally are not covered by these policies.

If a car is rented outside of the United States, the auto rental company's collision damage and personal accident insurance should be accepted.

7.4 ONE WAY RENTALS

Most car rental companies charge a mileage charge in addition to the standard rental fee for cars picked up at one location and dropped off at a second location. Try to avoid this additional cost when considering a one way rental.

7.5 ACCIDENTS AND FINES

All automobile accidents which occur while an employee is driving a rental car on Airport business must be reported to the executive management team. It is the traveler's responsibility to read the rental agreement and to notify the police in defined instances of accident or collision.

Fines and other expenses incurred as a result of traffic violations while on Airport business are the personal responsibility of the violator.

8.0 GROUND TRANSPORTATION

8.1 AIRPORT PARKING

Travelers are encouraged to use self parking and avoid valet parking at Airport unless approved in advance by the Executive Director.

8.2 PERSONAL AUTOMOBILES

Employees using personal vehicles for business travel will be reimbursed at the official IRS rate for reimbursable mileage. The number of miles reimbursed is equal to actual miles driven less the normal commuting miles (i.e., roundtrip distance between home and the employee's work location.) The amount to be reimbursed cannot be in excess of the cost of alternate means of transportation.

8.3 TOLLS AND TOLL PASSES

Toll expenses incurred while driving on Airport business are reimbursable. Replenishment of toll passes is not a reimbursable expense.

8.4 LIMOUSINE AND CAR SERVICES

Travelers should use the most economical means of transportation. The use of limousines, black cars, or similar vehicle services is allowed only when it represents the most economical means of transportation or as required by customer situations.

9.0 OTHER NON-REIMBURSABLE COSTS

The following travel-related expenses are non-reimbursable:

- Airline clubs
- Air travel insurance
- Barber or hair stylist
- Expenses in excess of authorized limits
- Shoe shine or repairs
- Reading materials
- Travel-related clothing, footwear, etc.
- Manicures, massages, saunas, and stream baths

- Loss or damage during travel.

10.0 EMPLOYER PROVIDED EQUIPMENT

Employees may from time to time be provided equipment for their business and personal use such as cars, cell phones, pagers, home computers, etc. This equipment is provided to enable the employee to best perform his or her job and is provided as a convenience to the Airport. Care should be taken in the use of these assets by the employee. Any restrictions on the use of this equipment will be defined by the approving supervisor when it is provided to the employee.

Any Airport property or item purchased using Airport funds which is found to be missing, or which is observed to be employed for personal uses is to be reported immediately to the Board Chairman, or via the procedures established in the Whistleblower Policy.

11.0 MEMBERSHIPS

No expenditures related to membership of any club or organization, either for the Airport or for an individual Board Member or employee, will be reimbursed without the prior written approval of the Board Chairman. Proper documentation must be submitted with any request for reimbursement, in accordance with Section 2.6.

12.0 BOARD REVIEW OF TRAVEL AND BUSINESS EXPENSE REIMBURSEMENTS

The Board Finance Committee will review each month actual expenditures against budget for all categories of employee travel and business expense reimbursement, including entertainment, training, gifts, and other business expenses for which reimbursements have been made. Action will be taken to ensure that expenses remain within Budget limits.

Exhibit B

Application of Sarbanes Oxley Safeguards To The Lexington Fayette Urban County Airport Board As Requested By LFUCG

February 10, 2009

In a letter to the Airport Board from Mayor Jim Newberry on January 16, 2009, the Airport Board was asked to consider the rotation of auditors and the adoption of certain sections of Sarbanes Oxley Act (SOA) as adopted by Congress in 2002 designed to strengthen corporate governance. The Mayor requested the Airport Board consider the safeguards created by SOA and how they could apply to our agency.

A review of the SOA requirements was made and a number of SOA concepts have been identified which will prove beneficial to the Airport's operations. A brief review of the requested sections of SOA is set forth below accompanied by the Airport Board's actions to be implemented.

Rotation of Auditors

The Airport Board recognizes the need to periodically rotate auditors to obtain a fresh perspective. The Finance Committee has begun the process to engage a new auditing firm for the upcoming fiscal year end.

Section 301 – Audit Committees

This section requires audit committees to be established and be directly responsible for the appointment, compensation and oversight of the auditing firm. Each audit committee member must be independent and unaffiliated with management.

Recommendation – The Finance Committee has served in this capacity in the past. To better define the Committee's role, the Committee will be renamed the Finance and Audit Committee and will oversee the audit function.

Section 302 – Corporate Responsibility for Financial Reports

This section requires the principal officer and financial officer certify that they have reviewed the financial reports, the report does not contain any untrue statement or omit any material fact and fairly presents the financial condition and results of operations of the entity and that they are responsible for establishing and maintaining internal controls.

Recommendation – Annually, the Airport Board will require the Executive Director and Chief Financial Officer to review the financial statements and sign a certification which meets the guidelines of this section. A sample draft of this certification is attached.

Section 307 – Professional Responsibility of Attorneys

This section outlines the responsibilities of attorneys to report any evidence of material violations of securities laws or breach of fiduciary duty or similar violations by the company to the appropriate parties.

Recommendation – The Airport Board will request our attorneys to report any knowledge of material violations of policies or breaches of fiduciary duties immediately to the Finance and Audit Committee for action.

Section 401 – Report All Off-Balance Sheet Transactions

This section defines and requires the reporting of any off balance sheet transactions.

Recommendation – This section has no application to the agency since all entity transactions are accurately reflected in the financial statements and no off-balance sheet transactions should occur.

Section 404 – Management Assessment of Internal Controls

This section requires an annual report containing an assessment of the effectiveness of internal controls.

Recommendation – The Airport Board recognizes the desirability of an annual audit of our internal control procedures, but the full panoply of Section 404's requirements may not be cost effective for our agency. We believe the application of certain provisions of this Section are appropriate.

The Airport Board intends to strengthen current internal control procedures based upon the report of the Kentucky Auditor of Public Accounts' ongoing audit and recommendations from consultants hired by the Airport Board to review our policies and procedures. When these procedures are in place, proper documentation of internal control procedures will be made by existing staff or by an independent accounting or consulting firm. Once controls are properly documented, then our annual auditors will be engaged to assess and issue a report on the effectiveness of our controls. This function will be supervised by the Finance and Audit Committee.

Section 409 – Real Time Issuer Disclosures

This section requires the rapid disclosure of any material changes in the financial condition or operations of the entity.

Recommendation – The requirement to disclose any material changes in the Airport Board's financial condition is to be adopted by the Finance and Audit Committee, and requested of the new outside auditors.

While not requested in the Mayor's letter, the Airport Board will also adopt segments of SOA Section 806 dealing with Whistleblower Protection:

Section 806 – Protection for Employees Who Provide Evidence of Fraud

This section provides retaliation protection to employees, contractors or agents who disclose fraud.

Recommendation – A reporting procedure is being established to encourage anyone associated with the Airport to report known or suspected fraudulent acts for follow up by appropriate independent parties.

MEMORANDUM

Date: _____

To: **LFUCAB Finance and Audit Committee**

Re: **Certification of Financial Statements and Internal Control**

We recognize that we are responsible for the fair presentation of our Agency's financial statements. We believe that the information contained in the financial reports as of the period ended _____ and related journal entries are true and correct in all material respects and fairly presents, in all material respects, the results of operations and financial condition of the **Lexington Fayette Urban County Airport Board (LFUCAB)**, in conformity with the accounting policies and procedures as outlined in the LFUCAB Policy Manual with respect to all matters that impact financial reporting, except as disclosed on the attached Disclosure Supplement.

We also recognize that we are responsible for establishing and maintaining an effective system of internal controls that allows us to record, process, summarize and report financial data in accordance with the LFUCAB Policy Manual. We believe that there are no significant deficiencies or material weaknesses in the design or operation of our agency's internal controls that could adversely impact our ability to record, process, summarize and report our financial data. There have been no significant changes in our agency's internal control since the prior period ending, except as disclosed on the attached Disclosure Supplement.

Any deficiencies in the operating effectiveness of our Agency's Key Control Activities or known exceptions to the LFUCAB Policy Manual are documented in the Disclosure Supplement. Any significant changes in our Agency's internal controls over financial reporting since the prior report made are documented in the Disclosure Supplement and our Key Control Activities and Process Narratives have been updated accordingly.

In addition, we make the following representations, which are true to the best of our knowledge and belief. There has been no fraud involving any of our employees who have significant roles in our Agency's internal control or on our Agency's financial statements. In addition, there has been no fraud involving other employees that could have a material effect on our Agency's financial statements. There are no instances where any of our employees has an interest in a company with which our Agency does business that could be considered a "conflict of interest" as defined by the LFUCAB's Code of Business Conduct and Ethics. Such an interest would be contrary to LFUCAB's policy. There are no issues surrounding an inadequate segregation of duties. Any exceptions to these representations have been documented in the attached Disclosure Supplement.

Executive Director

Chief Financial Officer

**LFUCAB Certification of Financial Statements
And Internal Control Disclosure Supplement**
Period ended _____

List any deficiencies in the operating effectiveness of key controls (include Remediation Plan and expected Completion Date):

List any exceptions to the LFUCAB's Policy Manual:

List any significant changes in internal controls over financial reporting (include Remediation Plan and expected Completion Date, if applicable):

List any known instances of fraud (include nature/description and potential dollar impact):

List any conflicts of interest (include nature/description and potential dollar magnitude):

List any segregation of duties concerns:



AIRPORT POLICY CONCERNING BUSINESS CONDUCT, INTEGRITY, AND ETHICS
(THE "POLICY")

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AIRPORT POLICY CONCERNING BUSINESS CONDUCT, INTEGRITY, AND ETHICS (THE "POLICY")

1.0 STATEMENT CONCERNING BUSINESS CONDUCT, INTEGRITY, AND ETHICS

This Policy is intended to define the high standard of business conduct, integrity and ethics expected of all Board Members and employees of the Lexington-Fayette Urban County Airport Board (the Airport). The policy provides guidance to help recognize and deal with ethical issues, provides mechanisms to report unethical conduct and aims to foster a culture of honesty and accountability, deter wrongdoing, and promote accurate disclosure and reporting.

No policy can anticipate every situation that may arise. Accordingly, this Policy is intended to serve as a source of guiding principles. Employees are encouraged to bring questions about particular circumstances that may involve one or more of the provisions of this Policy to the attention of Senior Management or the Airport Board.

The success of the Airport depends on the way it conducts business and the way the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. All Airport employees are expected to be guided by the following principles in carrying out their responsibilities:

- **Loyalty.** Employees should commit their full and undivided loyalty to the duties assigned to them by the Airport Board and should not be, or appear to be, subject to influences, interests, or relationships that conflict with the best interests of the Airport.
- **Compliance with Applicable Laws.** All employees are expected to comply with all laws, rules and regulations of all applicable jurisdictions, and other applicable private and public regulatory agencies.
- **Observance of Ethical Standards.** Our employees must adhere to high ethical standards in the conduct of their duties. These include honesty and fairness.
- **Conflict of Interest.** Each employee must, at all times, act with integrity and must avoid any actual or apparent conflicts of interest between themselves and the Airport and in personal and professional relationships.
- **Communication.** We encourage employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation and to report violations of laws, rules, and regulations to appropriate personnel. The Airport does not tolerate retaliation for reports made in good faith.

All employees must understand this policy concerning business conduct, integrity and ethics, and must certify once a year that they have recently re-read this Policy, understand it, and accept its provisions. Failure to comply with this Policy is cause for disciplinary action.

2.0 DEFINITIONS

As used in this policy, unless the context clearly requires a different meaning:

1. "Business" means any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, Joint Stock

Company, receivership, trust, professional service corporation, or any legal entity through which business is conducted for profit.

2. "Employee" means any person, whether full-time or part-time, and whether paid or unpaid, who is employed by or provides service to the Lexington-Fayette Urban County Airport Board. The term "employee" shall not include any contractor or subcontractor or any of their employees.
3. "Family member" means a spouse, parent, child, brother, sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild.
4. "Immediate family member" means a spouse, an unemancipated child residing with the officer or employee, or the officer's or employee's spouse, as a dependent for tax purposes.
5. "Officer" means any person, whether full-time or part-time, and whether paid or unpaid, who is one of the following:
 - a. Member of the Lexington-Fayette Urban County Airport Board; or
 - b. Executive Director, Director of Administration and Finance, Director of Operations, Director of Planning & Development, and Director of Marketing & Public Relations
6. "Supplier" include those providing not only goods but also services – such as consultants, transportation companies, financial institutions, equipment lessors, realtors, and licensors of technology.

3.0 AIRPORT POLICY CONCERNING GENERAL BUSINESS CONDUCT

3.1 OBSERVANCE OF MORAL AND ETHICAL STANDARDS OF SOCIETY AND FAIR DEALING

What follows are the principles of business conduct to which each employee of the Airport is expected to adhere in order to assure that the Airport conducts its affairs in a manner consistent with its obligations and the expectations of the communities it serves.

In addition to the requirements of loyalty to the Airport and compliance with law, each employee is expected to use good judgment and to adhere to and comply with high moral and ethical standards in the conduct of business. Employees should endeavor to deal fairly with the Airport's customers, suppliers, competitors and other employees, and to respect the policies and procedures of those outside the Airport.

3.2 LOYALTY TO THE AIRPORT AND CONFIDENTIALITY

Airport employees are expected to devote their best efforts and attention to the full-time performance of their jobs and duties. No employee should be subject, or even seem to be subject, to influences, interests or relationships which conflict with the best interest of the Airport. This means avoiding any activity that might compromise or seem to compromise the Airport or the employee. This requirement is explained in more detail in Section 3.4 below. Employees should maintain the confidentiality of information entrusted to them by the Airport that comes to them, from whatever source, in their respective capacities as employees, except when disclosure is authorized or legally mandated.

3.3 COMPLIANCE WITH APPLICABLE LAWS

All activities related to the Airport must be undertaken in strict compliance with all laws and regulations applicable to those activities. No employee should at any time take any action on behalf of the Airport which violates any applicable law or regulation. It should be understood that this Policy includes all applicable laws and regulations as well as Airport policies and standing orders, and the applicable policies of agencies and entities with whom Airport staff conduct business.

3.4 CONFLICT OF INTEREST

A conflict of interest exists when an employee's duty to give undivided commercial loyalty to the Airport is prejudiced by actual or potential personal benefit from another source and where the employee's loyalties or actions are divided between the Airport's interests and those of another, such as a competitor, supplier, customer, or tenant.

Each employee is expected to avoid any investment, interest, or association that interferes or might appear to interfere with the independent exercise of judgment in the Airport's best interests.

Disclosures of personal interests or other circumstances that might constitute conflicts of interest are to be reported promptly by the employee to the Airport Board, who will arrange for resolution in a manner best suited to the interest of the Airport and the individual. It is essential when an employee confronts a possible conflict of interest, prompt and full **disclosure** is the correct step towards solving the problem.

3.4.1 Specific Sources of Conflict

Individual conflicts of interest should be assessed based on the guiding principles in paragraph 3.4 above. However, every officer and employee shall comply with the following standards of conduct in relation to the specific conflicts outlined below:

1. No officer or employee, or any immediate family member of any officer or employee, shall have an interest in a business or engage in any business, transaction, or activity, which is in conflict with the proper discharge of the officer's or employee's public duties.
2. No officer or employee shall use or attempt to use his official position to secure personal privileges or advantages for himself/herself or others.
3. No officer or employee shall take or refrain from taking any discretionary action, or induce or attempt to induce any other officer or employee to take or refrain from taking any discretionary action, on any matter before or involving the Lexington-Fayette Urban County Airport Board, in order to obtain any financial benefit or preferential treatment for any of the following:
 - a. the officer or employee;
 - b. a family member;
 - c. an outside employer;
 - d. any business in which the officer or employee or any family member has a financial interest; or
 - e. any business with which the officer or employee or any family member is negotiating or seeking prospective employment or other business or professional relationship.

3.4.2 Disclosure

Every officer or employee who shall have any private financial interest, directly or indirectly, in any matter pending before the Lexington-Fayette Urban County Airport Board, which is not prohibited by this section or other provisions of law, shall disclose the precise nature of the interest, in writing, to the Executive Director or Chair of the Lexington-Fayette Urban County Airport Board. The officer or employee shall not take any action with respect to the matter that is the subject of the disclosure.

3.4.3 Conflicts of Interest in Contracts

No officer or employee, or any immediate family member of any officer or employee, shall directly or through others, undertake, execute, hold, or enjoy, in whole or in part, any contract made, entered into, awarded, or granted by the Lexington-Fayette Urban County Airport Board except as follows:

- a. The prohibition in subsection 1 of this section shall not apply to contracts entered into before an officer was appointed or before an employee was hired. However, if any contract entered into before the officer or employee was appointed to office or was hired as an employee, is renewable after he/she assumes the appointed office or is hired as an employee, then the prohibition in subsection 1 of this section shall apply to the renewal of the contract.
- b. The prohibition in subsection 1 of this section shall apply if the officer or employee is authorized to participate in establishing the contract specifications, awarding the contract, or managing performance after the contract is awarded.

Any contract between the Lexington-Fayette Urban County Airport Board and another party shall be voidable or rescindable at the option of the Lexington-Fayette Urban County Airport Board at any time within a period of one (1) year from the date the violation is discovered, if any officer or employee has a disqualifying interest in said contract in violation of this Policy.

4.0 NEPOTISM

Nepotism is prohibited within the Airport organization. As used in this section, the term "relative" shall mean and include an officer's or employee's spouse, child, parents, siblings, grandparents, grandchildren, uncles, aunts, nephews, nieces, first cousins, step-mothers, step-fathers, step-brothers/sisters, half-brothers/sisters, sisters/brothers-in-law, or mothers/fathers-in-law.

No officer or employee shall advocate, recommend, or cause the employment, appointment, promotion, transfer or advancement of his or her own relative to an office or position of employment with the Lexington-Fayette Urban County Airport Board.

No officer or employee shall supervise or manage the work of a relative.

No officer or employee shall participate in any action relating to the employment or discipline of a relative.

The prohibitions in this section shall not apply to any relationship or situation which would violate this prohibition, but which existed prior to the effective date of this resolution.

The prohibitions in this section shall not apply to any relationship or situation created by marriage after the effective date of this section, provided, however, that such relationships shall be reported to the Executive Director, who may recommend lateral transfer, substitute supervision, or other personal action to eliminate or ameliorate the adverse effects of the relationship.

5.0 INCLUSION

The Airport encourages diversity in all of its hiring, staff development, and promotion process.

The Airport forbids discrimination in employment on the basis of age, culture, disability, education, gender, regional or national origin, sexual orientation, physical appearance, race, or religion. The Airport is committed to assure fair employment, including equal treatment in hiring, promotion, training, compensation, termination and disciplinary action. In compliance with law, the Airport also maintains an affirmative action program. If you are not aware of the terms of the affirmative action program, you should contact the Human Resource Manager.

Unlawful discrimination can expose the Airport to substantial damages and unfavorable publicity. Accordingly, it is particularly important that you maintain close communication with the Airport Board who has the primary responsibility to keep abreast of current legal developments and Airport policies in this area.

All employees are provided with a work environment free of intimidation and harassment, either verbal or physical and free from unsolicited and unwelcome sexual overtures or comments. Sexual harassment may occur in a number of circumstances, which may appear to be innocent in nature to one, while at the same time being deemed offensive to another. Accordingly, it is imperative that supervisors assure that this policy is strictly adhered to, and that employees are not exposed to incidents of sexual harassment by supervisory personnel, fellow workers, or others who may be on the premises. Complaints from employees concerning possible incidents of sexual harassment should be forwarded to the Human Resource Manager.

All applicants for employment are recruited and hired on the basis of merit and qualifications and without regard for age. Age discrimination in assignment, transfer, promotion, upgrading, or compensation is not tolerated.

6.0 POLITICAL AND CHARITABLE CONTRIBUTIONS

Political and Charitable contributions on behalf of the Airport by employees and Board Members are not allowed.

7.0 PROCUREMENT INTEGRITY

The Airport respects the integrity of the procurement process. It is our policy to comply with applicable federal and state laws. Our actions should adhere to our own Policy. If at any time, you have a concern that an action would compromise either our policy or that of a supplier, customer, or tenant, you should contact Senior Management or the Airport Board before proceeding.

7.1 Receipt of Gifts

No officer, employee or immediate family member of an officer or employee shall knowingly accept any valuable gift, whether in the form of service, loan, thing, or promise, from any person, firm or corporation which to his knowledge is interested directly or indirectly in any manner whatsoever in business dealings with the Lexington-Fayette Urban County Airport Board under circumstances in which it could be inferred that the gift was intended to influence, or could be expected to influence, the officer or employee in the performance of his public duties. A valuable gift does not include ordinary social hospitality; a gift, bequest, favor, or loan from a relative; a loan from a lending institution in its regular course of business on the same terms generally available to other persons; a scholarship or fellowship awarded on the same terms applied to other applicants; or items of a similar nature.

8.0 HONORARIA

No officer or employee shall accept any compensation or honorarium in consideration of an appearance, speech or article related to the officer's or employee's employment with the Lexington-Fayette Urban County Airport Board.

Nothing in this section shall prohibit an officer or employee from accepting commemorative gifts of nominal value such as plaques, mugs, posters or photographs, provided that such commemorative gifts are given in consideration for an appearance, speech or article which is related to the officer's or employee's service with the Lexington-Fayette Urban County Airport Board.

Nothing in this section shall prohibit an officer or employee from receiving and retaining from any unit of government or from any nongovernmental unit, actual and reasonable out-of-pocket expenses incurred by the officer or employee in connection with an appearance, speech or article, provided that the officer or employee can show by clear and convincing evidence that the expenses were incurred or received in consideration of his official duties and not primarily for the benefit of the officer or employee or any other person. However, out-of-pocket expenses recoverable from any governmental or non-governmental unit shall be limited to:

1. actual and reasonable transportation costs;
2. actual and reasonable lodging expenses; and
3. actual and reasonable costs of meals and incidentals.

9.0 USE OF PUBLIC PROPERTY, EQUIPMENT, AND PERSONNEL

No officer or employee shall use or permit the use of any Airport time, funds, personnel, equipment, or other personal or real property for the private use of any person, unless:

1. The use is specifically authorized by a stated policy of the Lexington-Fayette Urban County Airport Board; or
2. The use is available to the general public, and then only as specifically authorized to the extent and upon the terms that such use is available to the general public.

No officer or employee shall apply Airport funds for the purchase of any item or service unless specifically authorized in conformance with the Airport's delegated purchasing authority.

No officer or employee shall use Airport computer equipment, IT infrastructure, or software for personal purposes.

10.0 GOVERNMENT INVESTIGATIONS

The Airport responds to and interacts with laws, regulations, rules, ordinances and restrictions on many subjects imposed on it by different levels of government.

Normally, these are handled in a timely manner in the ordinary course of business without implications of serious governmental repercussions, but it must be remembered that there are sanctions, penalties, and fines, administrative and legal actions, sometimes serious and sometimes nominal, which can be imposed by these same government bodies for inaction, delays, incorrect information and failure to respond. On the following subjects, it is necessary that you immediately bring any problem to the attention of the Airport Board:

1. Request or subpoena to appear before a Grand Jury or similar indicting authority.

2. Notification or information of an investigation by authorities responsible for enforcing laws.
3. Inspections, visits, interview requests, and requests for Airport documents by the FBI, Justice Department, Postal Inspector, SEC, and other similar U.S., state, local and foreign government bodies.
4. Subpoenas and requests to testify before agencies, commissions, bodies, and other legislative and administrative bodies.
5. Communications or notices received from government bodies or agencies imposing or threatening substantial fines, penalties, or injunctive action.

It is the policy of the Airport to fully cooperate with any appropriate governmental investigation. A condition of such cooperation, however, is that the Airport be adequately represented in such investigations by its own legal counsel. Accordingly, in any case when a member of the Airport Board or an employee obtains any knowledge that would lead one to reasonably believe that a government investigation or inquiry is underway; this information must be communicated immediately to the Airport Board.

No employee should ever, under any circumstances, do any of the following:

1. Destroy any Airport documents in anticipation of a request for those documents from any government agency or a court;
2. Alter any Airport documents or records;
3. Lie or make any misleading statements to any governmental investigator in any investigation (there is a separate federal statute making such false statements to investigators a crime); or
4. Attempt to cause any other Airport employee, or any other person, to fail to provide information to any government investigator or to provide any false or misleading information.

11.0 RECORD KEEPING

As a government agency, high standards of record-keeping are necessary for the creation and implementation of policies, the provision of historical facts and data, and the demonstration of accountability both within the organization and to the public. The function of record-keeping promotes honesty, demonstrates integrity, and builds confidence in the public trust.

As an airport enterprise, the Airport will maintain organized, complete, and thorough records or provide such information to a repository that retains such information. In the event that our records are later needed, the Airport will always ensure that we have provided such information completely and accurately and have referenced our data in a manner in which any other employee or person requesting such information will be able to identify and use the information with minimal effort.

The Airport will be accurate in entering and maintaining accounting and financial records in accordance with the principles of the Generally Accepted Accounting Principles (GAAP) and in conformance with the rulings of the Governmental Accounting Standards Board (GASB) and the Sarbanes-Oxley Act. In this endeavor, the Airport will ask appropriate questions and document information to the best of our ability.

12.0 FINANCIAL DISCLOSURE

12.1 WHO MUST FILE

The following persons shall file an annual statement of financial interests with the Director of Administration and Finance of the Lexington-Fayette Urban County Airport Board:

1. All Board members; and
2. The Executive Director, the Director of Administration and Finance, the Director of Operations, and the Director of Planning and Development.

12.2 WHEN TO FILE STATEMENTS

The initial statement of financial interests required by this section shall be filed with the Director of Administration and Finance no later than 5:00 p.m. on April 15th of each calendar year. All subsequent statements of financial interest shall be filed no later than 5:00 p.m. on April 15th of each calendar year.

1. An officer or employee newly appointed to fill an office or position of employment shall file his/her initial statement no later than thirty (30) days after the date of the appointment.
2. A person recommended by the Mayor for confirmation as a member of the Board shall file his/her initial statement at the same time his/her name is submitted to the Urban County Council by Mayor.
3. The Lexington-Fayette Urban County Airport Board may grant a reasonable extension of time for filing a statement of financial interests for good cause shown.

12.3 AMENDED STATEMENTS

In the event there is a material change in any information contained in a financial statement that has been filed, the officer or employee shall, no later than thirty (30) days after becoming aware of the material change, file an amended statement with the Executive Director.

12.4 FORM OF STATEMENT OF FINANCIAL INTERESTS

The statement of financial interests shall be filed on a form prescribed by the Lexington-Fayette Urban County Airport Board or the administrative official designated by the Board. The Board, or the designated administrative official, shall deliver a copy of this form to each officer and employee required to file the statement, by first class mail or hand delivery, no later than January 15 of each calendar year. The failure of the Board, or the designated administrative official, to deliver a copy of the form to any officer or employee shall not relieve the officer or employee of the obligation to file the statement.

12.5 CONTROL AND MAINTENANCE OF THE STATEMENTS OF FINANCIAL INTERESTS

1. The Director of Administration and Finance of the Airport Board shall be the "official custodian" of the statements of financial interest and shall have control over the maintenance of the statements of financial interests. The statements of financial interests shall be maintained by the Director of Administration and Finance as public documents available for public inspection immediately upon filing. The Director of Administration and Finance shall be the "official custodian" of the statement of financial interest of the Executive Director and shall have control over the maintenance of that statement of

financial interest which shall also be maintained as a public document available for public inspection immediately upon filing.

2. The Director of Administration and Finance shall retain a statement of financial interests for a period of five (5) years after filing except as provided in Paragraph 3 below.
3. Three (3) years after a person ceases to be an officer or employee, the Director of Administration and Finance shall cause to be destroyed any statements of financial interest or copies of those statements filed by that person.

12.6 CONTENTS OF THE FINANCIAL INTERESTS STATEMENTS

1. Nothing in this section shall be construed to require any officer or employee to disclose any specific dollar amounts or the names of individual clients or customers of businesses listed as sources of income.
2. The statement of financial interests shall include the following information for the preceding calendar year:
 - a. The name, current business address, business telephone number, and home address of the filer.
 - b. The title of the filer's office, office sought, or position or former office or position of employment.
 - c. The occupation of the filer and the filer's spouse.
 - d. Information that identifies each source of income of the filer and the filer's immediate family members exceeding (\$500) during the preceding calendar year, and the nature of the income (e.g., salary, commission, dividends, interest income, retirement fund distribution, etc.).
 - e. The name and address of any business or investment located within the state in which the filer or any member of the filer's immediate family had at any time during the preceding calendar year an interest of (\$10,000) or more at fair market value or (amount to be determined) percent (10%) ownership interest or more, whichever is less.
 - f. The name and address of any business or investment located outside of the state if the business has engaged in any business transactions with the Lexington-Fayette Urban County Airport Board during the past three (3) years, of which the officer or employee has knowledge, or is anticipated to engage in any business transactions with the Lexington-Fayette Urban County Airport Board in which the filer or any member of the filer's immediate family had at any time during the preceding calendar year an interest of (\$10,000) or more at fair market value or (amount to be determined) percent (10%) ownership interest or more, whichever is less.
 - g. A designation as commercial, residential, or rural and the location of all real property within the county other than the filer's primary residence in which the filer or any member or the filer's immediate family had during the preceding calendar year an interest having a value exceeding (\$5,000) at the close of the reporting period.
 - h. A requirement that the filer answer, under penalty of perjury, the following question: "To your knowledge, do either you or any immediate member of your family have any

interest in property, tangible or intangible, or any other assets or business that may constitute or cause a conflict with your official duties? If yes, please explain.”

- i. The name and address of any creditor of the filer and the filer's immediate family who is owed more than (\$10,000) except debts arising from the purchase of a primary residence or the purchase of consumer goods which are bought or used primarily for personal, family or household purposes.

12.7 NONCOMPLIANCE WITH THE FILING REQUIREMENT

The Lexington-Fayette Urban County Airport Board, or the designated administrative official, shall notify by certified mail each person required to file a statement of financial interests who fails to file the statement by the due date, files an incomplete statement, or files a statement in a form other than that prescribed by the Board. The notice shall specify the type of failure or delinquency, shall establish a date by which the failure or delinquency shall be remedied, and shall advise the person of the penalties for violation. Such penalties may include censure, discharge from office or both.

13.0 CONFIDENTIAL INFORMATION

As a government agency, the methods and products of our services are open to the public. However, there are specific conditions whereby information is considered confidential. Some of the functional areas that invoke confidentiality claims are security issues, legal documents, lease negotiations, personnel and medical files, ethics investigations, ombuds services, contract proposals relative to the awarding of contracts, real estate appraisals relative to the acquisition of property, and certain Information Technology data, among others.

The most common conditions for confidentiality stem from an individual's right to privacy and the Airport's need to perform its assigned functions in a reasonably efficient manner. In addition, where disclosure of information would negatively affect the public health, safety, and welfare of the community, confidentiality is allowed.

Disclosure of confidential information may only be given to authorized persons, and only for the purpose of Airport operations, never for personal gain or interest. Unauthorized recording of information is never allowable. Division managers should understand and disseminate clear instructions including the legal authorization for any disclosure of confidential information, the laws pertaining to the right of public access to government documents, and right to privacy regulations.

14.0 REPORTING AND RESOLVING SUSPECTED IRREGULARITIES

Supervisors must see that employees who report to them receive adequate training about applicable Airport requirements. Employees must obtain guidance concerning the propriety of any course of conduct about which they have any doubts. Employees are required to report the following matters to the Executive Director:

1. Any payments, gifts, or gratuities to an Airport official or their family members, whether made directly by an employee of a supplier, customer, or tenant or through a third party. Any payment, gift or gratuity given from a private sector supplier, whether made directly by a supplier, customer, or tenant employee or by or through a third party, which is believed to be for the purpose of influencing a procurement.
2. Employment related discussions or inquiries by or with an existing or potential supplier, customer, or tenant.
3. Improper or unallowable charges.

4. Unauthorized deviations from contract specifications.
5. Supplier, customer, tenant, or union kickbacks.
6. Any suspected violation of procurement laws or any Airport policy, and
7. Any inappropriate or suspicious conduct.

With regard to accounting, internal accounting controls and auditing matters, any employee of the Airport may submit a good faith complaint regarding questionable accounting, internal accounting controls or auditing matters to the Airport without fear of dismissal or retaliation of any kind.

Employees are encouraged to report any questionable accounting, internal accounting controls or auditing matters, including the following:

1. Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Airport;
2. Fraud or deliberate error in the recording or maintaining of financial records of the Airport;
3. Deficiencies in or non-compliance with the Airport's internal accounting controls;
4. Misrepresentation or false statement to or by senior management or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Airport;
5. Deviation from full and fair reporting of the Airport's financial condition; or
6. Violations or possible violations of either the Code of Business Conduct and Ethics for the Members of the Board of Directors, Executive Director, or Directors.

15.0 ADMINISTRATIVE MATTERS

15.1 ADMINISTRATION AND ENFORCEMENT

The Airport Board is responsible for interpreting and applying all Airport policies to specific situations in which questions may arise. Any questions relating to how any Airport policy should be interpreted or applied should be addressed to the Airport Board.

15.2 VIOLATION OF OUR POLICIES

All employees have a moral, and in some cases, a legal obligation to call the Airport's attention to any situation in which any Airport policy may not be observed. No discipline or other retaliatory action shall be taken against any employee informing the Airport of any violations of any Airport policy. Possible situations in which any Airport policy may not be observed should be called to the attention of the Airport Board.

Employees culpable in such matters are subject to appropriate Airport disciplinary actions and may also be subject to personal criminal liability under applicable statutes.

15.3 AUDITS

Compliance with all Airport policies is monitored by periodic audits. These may be done by our Internal Audit Department, the Airport's lawyers, or by others designated by the Airport. All Airport employees are required to cooperate fully with any such audits and to provide truthful and accurate information.

15.4 REQUESTS FOR EXCEPTION

While some Airport policies must be strictly adhered to and no exceptions can be allowed, in other cases, exceptions may be possible. For example, a minor conflict of interest situation can sometimes be resolved simply by disclosure of the possible conflict to all interested parties. Any employee who believes that an exception to any of our policies is appropriate in his or her case should contact his or her immediate supervisor first. If the immediate supervisor agrees that an exception is appropriate, the approval of the Executive Director shall then be obtained. Any exception to any Airport policy for the Airport's executive officers may be made only by the Airport Board.

15.5 DISTRIBUTION

Every new employee will be given a copy of this Policy and asked to acknowledge receipt of it and having read it either at or within one week of hiring. Employees are also required to reaffirm annually that they have recently re-read this Policy, understand it and are not aware of any violations except as specifically noted in their Reaffirmation.

15.6 CLAIMS AND LITIGATION

Legal proceedings should never be initiated nor precipitated without being reviewed in advance by the Airport Board.

It is also important that indiscriminate writing and distribution of memoranda or reports relating to matters involving possible future litigation be avoided. Although personnel will wish to make reports on these matters to their superiors, written memoranda relating to the prosecution or defense of such litigation may not be privileged unless prepared solely for the Legal Department or a lawyer retained by the Airport. Any written reports involving these matters that you consider necessary or advisable should first be discussed with the Airport Board.

15.7 SERVICE OF LEGAL PROCESS

Summons or complaints served on the Airport or its employees are frequently our first knowledge of a lawsuit. It is important that we have sufficient time to prepare and file responsive pleadings. If someone attempts to serve you with a summons or complaint, you should disclaim any authority to receive the service and contact the Executive Director and Airport attorney. Should you receive any summons or complaint whether by mail, delivery or otherwise, it must be immediately forwarded to the Executive Director and Airport attorney.

15.8 SUBPOENAS AND REQUESTS FOR TESTIMONY

Testimony of employees and information in files requested or subpoenaed by other parties must be cleared with the Executive Director and Airport attorney if it involves government investigative or law enforcement bodies, such as Federal Bureau of Investigation, Federal Department of Justice, or a Grand Jury or other indicting authority.

Receipt of subpoenas and requests for information in files or testimony in civil litigation is not unusual. The Airport may or may not be a party to such litigation. All such subpoenas and requests should be forwarded to the Airport attorney immediately after receipt.

16.0 NONEXCLUSIVITY

No representation is expressed or implied that the policies stated in this Policy include either all the relevant policies or that they are a comprehensive, full, or complete explanation of the laws that are applicable to the Airport and its employees. All employees have a continuing obligation to familiarize themselves with applicable law and all Airport policies.

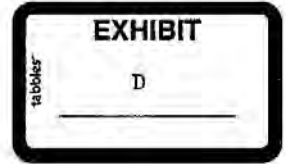
* * * * *

I have read and understand the Policy stated above.

Signed _____

Name _____

Date _____



LEXINGTON-FAYETTE URBAN COUNTY AIRPORT
WHISTLEBLOWER POLICY

| | | |
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LEXINGTON-FAYETTE URBAN COUNTY AIRPORT WHISTLEBLOWER POLICY

1.0 STATEMENT CONCERNING WHISTLEBLOWER POLICY

The purpose of this policy is to establish a procedure for employees of the Lexington-Fayette Urban County Airport (the Airport) to report illegal or dishonest activity affecting the Airport's financial or business affairs by any Airport employee or any person or firm doing business with the Airport.

Examples of illegal or dishonest activities are violations of federal, state or local laws, theft of Airport property, billing for services not performed, submitting false or inflated invoices for reimbursement, producing fraudulent financial reports, or timesheets, violating Airport policies concerning Business Conduct, Integrity and Ethics, and/or Travel, Entertainment and Reimbursement or other improper or dishonest activity affecting the Airport financial or business affairs.

Employees and representatives of the Airport are expected to practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. The Airport encourages its employees who have concerns about illegal or dishonest activity to come forward and report these concerns without fear of retaliation or unfair treatment. Reports about unlawful harassment and discrimination should be made under the Airport Anti-Harassment and Anti-Discrimination Policy.

2.0 EMPLOYEE REPORTING PROCESS

If an employee has concerns about illegal or dishonest activity, the employee should report these concerns to [insert name of independent whistleblower protection company]. Information about how to contact the [insert name of independent whistleblower protection company] will be distributed to and subsequently made readily accessible to all employees. [insert name of independent whistleblower protection company] will be responsible for relaying the report to the Human Resources Manager for investigation as well as keeping the reporting employee informed on the status of the report and resulting action. If the report accuses the Human Resources Manager of illegal or dishonest activity, the Human Resources Manager is otherwise implicated in the activity, or the employee is not satisfied with the Human Resources Manager' response to a report that was referred to the Human Resources Manager, the [insert name of independent whistleblower protection company] will report the employee's concerns to the Executive Director.

Employees may report their concerns in person, by telephone or in writing, by letter, fax or e-mail. All reports should provide background facts and the reason for the concern, together with names, dates, places and as much information as possible.

Employees who make a report will not be expected to prove the truth of their report, but they should be able to demonstrate that there are sufficient grounds to have a good faith belief that something is wrong. Employees are encouraged to raise their concerns at the earliest possible stages so that timely action may be taken.

3.0 MANAGEMENT RESPONSIBILITY IN HANDLING REPORTS

Management at all levels must handle reports of illegal or dishonest activity seriously, discreetly and promptly. All evidence and documentation should be preserved.

The [insert name of independent whistleblower protection company] will forward the report to the Human Resources Manager along with suggestions and comments, unless the report accuses the Human Resources Manager of illegal or dishonest activity or otherwise implicates the Human Resources Manager in the activity, in which case the report should be forwarded to the Executive

Director. If the report accuses the Executive Director of illegal or dishonest activity or otherwise implicates the Executive Director in the activity, the Human Resources Manager should forward the report directly to the Airport Attorney.

Except for reports involving the Executive Director, the Human Resources Manager will regularly inform the Executive Director about reports of illegal or dishonest activity who shall in turn regularly report to the Human Resources Manager and Airport Attorney about employee reports of illegal or dishonest activity.

Unless otherwise inappropriate, the employee making the report will be kept informed about the status of the report.

4.0 INVESTIGATION OF REPORTS OF ILLEGAL OR DISHONEST ACTIVITY

All reports of illegal or dishonest activity will be investigated promptly, impartially, and to the extent practical under the circumstances, confidentially.

5.0 EMPLOYEE PROTECTION—NO RETALIATION

The Airport will not tolerate punishment or unfair treatment of any employee who reports illegal or dishonest activities or who participates in an investigation of any such report. Any employee who believes he or she is being retaliated against in violation of this Policy should report such retaliation to the [insert name of independent whistleblower protection company]. Employees who engage in retaliation will be subject to discipline, up to and including termination. Protections of employee rights under KRS 61.102 will be upheld.

The [insert name of independent whistleblower protection company] has the discretion to take whatever steps it deems fair and appropriate regarding the matter. The decision of the [insert name of independent whistleblower protection company] is final.

