

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

**For The Year Ended  
June 30, 2020**



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

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable John Will Stacy, Morgan County Judge/Executive

Members of the Morgan County Fiscal Court

**Independent Auditor's Report**

**Report on the Financial Statement**

We were engaged to audit the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Morgan County Fiscal Court, for the year ended June 30, 2020, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

**Basis for Disclaimer of Opinion**

We were not engaged as auditors of the Morgan County Real Properties I and II Corporation Funds and we were unable to obtain audited financial statements to support the Morgan County Real Properties I and II Corporation Funds at June 30, 2020. The Morgan County Real Properties I and II Corporation Funds are part of the Morgan County Fiscal Court's reporting entity. The omission of the Morgan County Real Properties I and II Corporation Funds are considered material omissions of the Morgan County Fiscal Court's financial statement.



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable John Will Stacy, Morgan County Judge/Executive  
Members of the Morgan County Fiscal Court

### **Disclaimer of Opinion**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, on our consideration of the Morgan County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morgan County Fiscal Court's internal control over financial reporting and compliance.

A Schedule of Findings and Responses included herein, which discusses the following report findings:

- 2020-001 The Morgan County Fiscal Court Does Not Have Internal Controls Over The Real Properties I And Real Properties II Corporations
- 2020-002 The Morgan County Fiscal Court's General Fund Owes The Road Fund Due To Inappropriate Disbursements
- 2020-003 The Morgan County Fiscal Court Does Not Have Internal Controls Over Bank Reconciliations
- 2020-004 The Morgan County Fiscal Court Did Not Accurately Report Debt On The Quarterly Financial Statement
- 2020-005 The Morgan County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements
- 2020-006 The Morgan County Fiscal Court Did Not Follow Competitive Bidding Requirements
- 2020-007 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate
- 2020-008 The Morgan County Fiscal Court Did Not Establish Adequate Controls Over The Justice Center Corporation Fund

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

May 26, 2022

**MORGAN COUNTY OFFICIALS****For The Year Ended June 30, 2020****Fiscal Court Members:**

John Will Stacy	County Judge/Executive
Carter Bolin	Magistrate
Donnie Keeton	Magistrate
Darrell Patrick	Magistrate
Brandon Evans	Magistrate
Leroy Phipps	Magistrate

**Other Elected Officials:**

Myles Holbrook	County Attorney
Jimmy Easterling	Jailer
Randy Williams	County Clerk
Mary Coffee	Circuit Court Clerk
Greg Motley	Sheriff
Darby Franklin	Property Valuation Administrator
Raymond Vancleave	Coroner

**Appointed Personnel:**

Linzey Lewis	County Treasurer
Shenea Easterling	Financial Officer

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

**For The Year Ended June 30, 2020**

**Receipts file**

Fund	Maj	Suf1	Suf2	Description	Budget Original	Amendment	Rec'd this Qtr	Rec'd to Date	Under/Over
01	4101			REAL ESTATE TAXES	\$155,000.00	\$0.00	\$9,590.92	\$233,203.78	(\$78,203.78)
01	4104			DELINQUENT PROPERTY TAX	\$7,000.00	\$0.00	\$173.49	\$4,225.14	\$2,774.86
01	4106			TANGIBLE PERSONAL- MOTOR	\$80,000.00	\$0.00	\$17,439.72	\$70,331.43	\$9,668.57
01	4107			UNMINED MINERALS TAX	\$500.00	\$0.00	\$0.68	\$0.68	\$499.32
01	4107	01		OIL and GAS TAXES	\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
01	4113			SOLID WASTE RECEPTS	\$125,000.00	\$0.00	\$44,695.85	\$153,465.73	(\$28,465.73)
01	4130			BANK FRANCHISE TAX	\$30,000.00	\$0.00	\$0.00	\$852.14	\$29,147.86
01	4131			FRANCHISE CORPORATION	\$30,000.00	\$0.00	\$0.00	\$0.00	\$30,000.00
01	4134			OCCUPATIONAL LICENSE TAX	\$1,500,000.00	\$0.00	\$375,916.31	\$1,508,327.21	(\$8,327.21)
01	4134	01		ROWAN CO. PAYROLL and PR	\$75,000.00	\$0.00	\$23,338.65	\$87,162.58	(\$12,162.58)
01	4135			DEED TRANSFER TAX	\$15,000.00	\$0.00	\$3,668.91	\$18,576.31	(\$3,576.31)
01	4137			INSURANCE PREMIUM TAX	\$590,000.00	\$0.00	\$128,038.35	\$523,541.25	\$66,458.75
01	4140			E 911 PHONE SURCHARGE	\$55,000.00	\$0.00	\$12,094.91	\$51,450.25	\$3,549.75
01	4204			FEDERAL PAYMENT IN LIEU	\$35,000.00	\$0.00	\$40,836.00	\$41,838.00	(\$6,838.00)
01	4302			EXCESS FEES CLERK	\$10,000.00	\$0.00	\$0.00	\$5,725.78	\$4,274.22
01	4304			EXCESS FEES SHERIFF	\$85,000.00	\$0.00	\$0.00	\$52,515.24	\$32,484.76
01	4503			FEMA REIMBURSEMENT	\$0.00	\$0.00	\$0.00	\$276,975.53	(\$276,975.53)
01	4507			FLOOD CONTROL PAYMENT	\$1,200.00	\$0.00	\$0.00	\$732.13	\$467.87
01	4510			EMS GRANT	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
01	4510	06		LIBRARY DEBT FUNDING PAY	\$183,500.00	\$0.00	\$0.00	\$183,250.00	\$250.00
01	4520			ELECTION EXPENSE REIMBUR	\$4,500.00	\$0.00	\$0.00	\$2,400.00	\$2,100.00
01	4521			BOARD OF ASSESSMENT APP	\$200.00	\$0.00	\$0.00	\$0.00	\$200.00
01	4522			LEGAL PROCESS TAX	\$100.00	\$0.00	\$0.00	\$55.25	\$44.75
01	4526			STRIP MINE PERMIT FUND	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00
01	4532			JUDICIAL CENTER RENTAL	\$243,900.00	\$0.00	\$59,326.53	\$245,251.53	(\$1,351.53)
01	4542			DES EMA REIMBURSE	\$20,000.00	\$0.00	\$0.00	\$0.00	\$20,000.00
01	4612			DOG ADOPTION-SURRENDER	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
01	4699			AG DEVELOPMENT ADMIN FEE	\$10,000.00	\$0.00	\$0.00	\$0.00	\$10,000.00
01	4704			2017 MAC TRUCK SALES	\$120,000.00	\$0.00	\$0.00	\$129,692.17	(\$9,692.17)
01	4711	01		RENTAL OF POST OFFICE BUI	\$660.00	\$0.00	\$110.00	\$660.00	\$0.00
01	4711	02		SUBLEASE TO AMBULANCE S	\$43,874.84	\$0.00	\$12,611.18	\$51,206.61	(\$7,331.77)
01	4711	03		ENTERPRISE CENTER RENT	\$105,000.00	\$0.00	\$6,152.72	\$80,625.76	\$24,374.24
01	4711	04		GATEWAY RENTAL (BASEMEN	\$21,783.36	\$0.00	\$12,630.56	\$47,337.52	(\$25,554.16)
01	4711	05		ENTERPRISE CENTER 30% CO	\$50,700.00	\$0.00	\$6,152.72	\$71,152.72	(\$20,452.72)
01	4711	06		MORGAN CO. HEALTH TAXING	\$350,000.00	\$0.00	\$0.00	\$111.00	\$349,889.00
01	4711	07		COMMUNITY CENTER RENT	\$30,000.00	\$0.00	\$690.00	\$63,920.10	(\$33,920.10)
01	4726			INSURANCE PROCEEDS	\$0.00	\$0.00	\$0.00	\$15,300.00	(\$15,300.00)
01	4727	02		INSURANCE REIMBURSEMENT	\$12,000.00	\$0.00	\$3,932.76	\$12,795.63	(\$795.63)
01	4727	07		REBATE FROM KACO LEASING	\$3,000.00	\$0.00	\$0.00	\$6,624.83	(\$3,624.83)
01	4728			DONATIONS - REBUILD MORG	\$210,202.14	\$0.00	\$0.00	\$18,140.00	\$192,062.14
01	4728	02		ANIMAL SHELTER DONATIONS	\$1,500.00	\$0.00	\$65.00	\$1,480.00	\$20.00
01	4731			MISC. REVENUE	\$1,000.00	\$0.00	\$31,642.30	\$43,607.88	(\$42,607.88)
01	4806			INTEREST, BANK	\$1,000.00	\$0.00	\$4,089.89	\$18,179.85	(\$17,179.85)
01	4901			PRIOR YEAR CARRYOVER	\$50,000.00	\$0.00	\$0.00	\$141,939.58	(\$91,939.58)
01	4903			PRIOR YEAR ADJUSTMENT	\$0.00	\$0.00	(\$2,239.99)	\$171,623.30	(\$171,623.30)



**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

01	4909	TRANSFER OUT	(\$609,066.04)	\$0.00	(\$100,000.00)	(\$364,028.09)	(\$245,037.95)
01	4910	TRANSFER IN	\$223,513.00	\$0.00	\$0.00	\$200,000.00	\$23,513.00
02	4205	NATL FOREST REC	\$35,000.00	\$0.00	\$33,146.35	\$33,146.35	\$1,853.65
02	4504	FEDERAL GRANTS - FEMA RO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4506 01	BRIDGE CONSTRUCTION REIM	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4510	RURAL SECONDARY ALLOTME	\$111,166.00	\$0.00	\$0.00	\$325,595.00	(\$214,429.00)
02	4513	3% EMERGENCY MONEY - CR	\$0.00	\$0.00	\$0.00	\$9,604.98	(\$9,604.98)
02	4514	FLEX FUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4516	TRUCK LICENSES	\$223,513.00	\$0.00	\$0.00	\$249,501.62	(\$25,988.62)
02	4517	DRIVERS LICENSES	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
02	4518	CO. ROAD AID	\$1,118,883.65	\$0.00	\$0.00	\$885,438.13	\$233,445.52
02	4518 02	EMERGENCY CO ROAD AID FU	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4726	INSURANCE CLAIMS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4731	MISC. REVENUE	\$500.00	\$0.00	\$0.00	\$0.00	\$500.00
02	4806	INTEREST, BANK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4901	PRIOR YEAR CARRYOVER	\$300,000.00	\$0.00	\$0.00	\$208,389.42	\$91,610.58
02	4903	ADJUSTMENT TO PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	4909	TRANSFER OUT	(\$223,513.00)	\$0.00	\$0.00	(\$200,000.00)	(\$23,513.00)
02	4910	TRANSFER IN	\$65,000.00	\$0.00	\$0.00	\$0.00	\$65,000.00
02	4911	BORROWED MONEY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03	4533	JAIL OPERATION	\$100,000.00	\$0.00	\$7,086.46	\$34,299.79	\$65,700.21
03	4534	JAIL MEDICAL ALLOTMENT	\$6,000.00	\$0.00	\$0.00	\$47,257.27	(\$41,257.27)
03	4535	COURT COSTS, JAIL	\$5,000.00	\$0.00	\$0.00	\$10.00	\$4,990.00
03	4538	D.U.I. SERV FEE	\$1,000.00	\$0.00	\$46.41	\$1,643.09	(\$643.09)
03	4567	HB 413 ADDL COURT COSTS	\$6,000.00	\$0.00	\$1,852.56	\$7,339.65	(\$1,339.65)
03	4618	RECOUPMENT OF JAIL COSTS	\$10,000.00	\$0.00	\$0.00	\$3,605.06	\$6,394.94
03	4699	TRANSPORTATION REIMBURS	\$5,000.00	\$0.00	\$0.00	\$3,516.03	\$1,483.97
03	4731	MISC. REVENUE	\$100.00	\$0.00	\$0.00	\$0.00	\$100.00
03	4806	INTEREST, BANK	\$100.00	\$0.00	\$612.70	\$612.70	(\$512.70)
03	4901	PRIOR YEAR CARRYOVER	\$0.00	\$0.00	\$0.00	\$47,896.46	(\$47,896.46)
03	4909	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03	4910	TRANSFER IN	\$718,066.04	\$0.00	\$100,000.00	\$383,646.42	\$334,419.62
04	4528	COAL IMPACT	\$65,000.00	\$0.00	\$7,088.35	\$36,523.11	\$28,476.89
04	4529	MINERAL SEVER TAX	\$109,000.00	\$0.00	\$375.41	\$4,237.91	\$104,762.09
04	4806	INTEREST, BANK	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04	4901	PRIOR YEAR CARRYOVER	\$0.00	\$0.00	\$0.00	\$33,344.72	(\$33,344.72)
04	4909	TRANSFER OUT ROAD FUND	\$0.00	\$0.00	\$0.00	(\$19,618.33)	\$19,618.33
04	4909 01	TRANSFER TO GENERAL FUN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
04	4909 02	TRANSFER TO ROAD	(\$65,000.00)	\$0.00	\$0.00	\$0.00	(\$65,000.00)
04	4909	TRANSFER TO JAIL	(\$109,000.00)	\$0.00	\$0.00	\$0.00	(\$109,000.00)
04	4910 01	TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12	4112	TIMBERLAND TAXES	\$3,800.00	\$0.00	\$126.12	\$3,403.65	\$396.35
12	4901	PRIOR YEAR CARRYOVER	\$0.00	\$0.00	\$0.00	\$2,144.24	(\$2,144.24)
12	4910	TRANSFERS IN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	4504	LITTER ABATEMENT GRANT	\$25,000.00	\$0.00	\$0.00	\$25,686.51	(\$686.51)
75	4504		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	4510	AG DEVELOPMENT GRANTS	\$200,300.00	\$0.00	\$0.00	\$0.00	\$200,300.00
75	4510 02	COAL SEVERANCE PRIOR YEA	\$0.00	\$0.00	\$0.00	\$12,936.99	(\$12,936.99)
75	4510	SPAY and NEUTER GRANT	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00
75	4728	MORGAN CO TIRE DISPOSAL	\$500.00	\$0.00	\$4,500.00	\$5,000.00	(\$4,500.00)
75	4728 02	CONSERVATION DISTRICT EN	\$10,000.00	\$0.00	\$0.00	\$8,000.00	\$2,000.00
75	4901	PRIOR YEAR CARRYOVER	\$75,000.00	\$0.00	\$0.00	\$304,105.16	(\$229,105.16)
75	4903	ADJUSTMENT TO PRIOR YEAR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	4909	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
75	4910	TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>			<b>\$6,682,482.99</b>	<b>\$0.00</b>	<b>\$845,791.82</b>	<b>\$6,627,514.75</b>	<b>\$54,968.24</b>

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

## Disbursements file

Fund	Maj	Min	Suf	Description	Budget Original	Amendment	Transfers	Total Available	Claims Allowed	Free Balance
01	5001	101		COUNTY JUDGE-EXECUTIVE S	\$82,215.06	\$0.00	\$3,113.95	\$85,329.01	\$81,907.64	\$3,421.37
01	5001	185		CJE OFFICE STAFF SALARY	\$164,800.00	\$0.00	\$15,000.00	\$179,800.00	\$170,443.14	\$9,356.86
01	5001	212		JUDGE-EXECUTIVE TRAINING I	\$1,053.91	\$0.00	\$0.00	\$1,053.91	\$0.00	\$1,053.91
01	5001	441		JUDGE-EXECUTIVE OFFICE EQ	\$5,000.00	\$0.00	\$1,181.58	\$6,181.58	\$6,181.58	\$0.00
01	5001	445		JUDGE-EXECUTIVE OFFICE SU	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,973.13	\$26.87
01	5001	531		COUNTY JUDGE-EXEC BOND	\$110.00	\$0.00	\$93.60	\$203.60	\$203.60	\$0.00
01	5001	551		JUDGES ASSOCIATION MEMB	\$1,300.00	\$0.00	\$0.00	\$1,300.00	\$1,224.00	\$76.00
01	5005	101		COUNTY ATTORNEY SALARY	\$16,000.00	\$0.00	\$0.00	\$16,000.00	\$15,399.96	\$600.04
01	5005	165		COUNTY ATTORNEY SECRETA	\$15,100.00	\$0.00	\$0.00	\$15,100.00	\$14,706.00	\$394.00
01	5005	172		CHILD SUPPORT OFFICE SUPP	\$0.00	\$0.00	\$10,000.00	\$10,000.00	\$10,702.72	(\$702.72)
01	5005	364		COUNTY ATTORNEY RENT	\$7,800.00	\$0.00	\$0.00	\$7,800.00	\$7,800.00	\$0.00
01	5005	531		COUNTY ATTORNEY BOND	\$400.00	\$0.00	\$0.00	\$400.00	\$0.00	\$400.00
01	5005	551		COUNTY ATTORNEY KCAA DU	\$750.00	\$0.00	\$0.00	\$750.00	\$750.00	\$0.00
01	5005	563		COUNTY ATTORNEY POSTAGE	\$600.00	\$0.00	\$0.00	\$600.00	\$326.70	\$273.30
01	5005	566		COUNTY ATTORNEY OFFICE S	\$5,500.00	\$0.00	\$0.00	\$5,500.00	\$4,803.88	\$696.12
01	5005	569		COUNTY ATTORNEY TRAINING	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$727.92	\$272.08
01	5005	573		COUNTY ATTORNEY TELEPHO	\$5,200.00	\$0.00	(\$5,200.00)	\$0.00	\$0.00	\$0.00
01	5005	576		COUNTY ATTORNEY TRAVEL E	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$349.20	\$1,150.80
01	5005	578		COUNTY ATTORNEY UTILITIES	\$3,500.00	\$0.00	\$5,200.00	\$8,700.00	\$7,659.58	\$1,040.42
01	5010	348		COUNTY CLERK OFFICE SUPP	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$4,439.00	\$561.00
01	5010	368		CLERK TAX BILL PREPARATIO	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$2,611.89	\$2,388.11
01	5015	103		SHERIFFS ALLOTMENT	\$115,000.00	\$0.00	\$105.00	\$115,105.00	\$115,105.00	\$0.00
01	5015	184		SHERIFF EXCESS FEES	\$85,000.00	\$0.00	(\$459.50)	\$84,540.50	\$45,911.71	\$38,628.79
01	5015	212		SHERIFF TRAINING FRINGE BE	\$1,100.00	\$0.00	\$0.00	\$1,100.00	\$1,053.91	\$46.09
01	5015	531		SHERIFFS BOND	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,247.05	\$252.95
01	5020	101		CORONER SALARY	\$9,600.00	\$0.00	\$0.00	\$9,600.00	\$9,600.00	\$0.00
01	5020	103		CORONER DEPUTY SALARY	\$3,000.00	\$0.00	\$240.00	\$3,240.00	\$3,240.00	\$0.00
01	5020	344		CORONER PAUPER BURIALS	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
01	5020	441		CORONER EQUIPMENT	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$821.79	\$178.21
01	5020	531		CORONER BOND	\$250.00	\$0.00	\$0.00	\$250.00	\$203.60	\$46.40
01	5020	566		CORONERS OFFICE EXPENSE	\$500.00	\$0.00	\$0.00	\$500.00	\$100.89	\$399.11
01	5020	573		CORONER TELEPHONE	\$2,100.00	\$0.00	\$88.64	\$2,188.64	\$2,188.64	\$0.00
01	5020	592		CORONERS VEHICLE OPERATI	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,082.97	\$917.03
01	5025	101		MAGISTRATES SALARIES	\$36,000.00	\$0.00	\$0.00	\$36,000.00	\$36,000.00	\$0.00
01	5025	167		CLERK OF COURT SALARY	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$3,000.00	\$0.00
01	5025	210		MAGISTRATES COMMITTEE EX	\$13,500.00	\$0.00	\$0.00	\$13,500.00	\$13,500.00	\$0.00
01	5025	212		TRAINING INCENTIVE - MAGIS	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$8,479.66	\$1,520.34
01	5025	302		LEGAL ADVERTISING	\$2,000.00	\$0.00	\$500.00	\$2,500.00	\$2,392.88	\$107.12
01	5025	315	002	SOFTWARE MAINTENANCE FE	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$16,181.23	\$3,818.77
01	5025	332		LEGAL FEES	\$2,500.00	\$0.00	\$14,242.96	\$16,742.96	\$9,621.48	\$7,121.48
01	5025	499		MISCELLANEOUS EXPENSES	\$1,000.00	\$0.00	\$4,000.00	\$5,000.00	\$260.26	\$4,739.74
01	5025	501		ADD DISTRICT PAYMENTS	\$4,300.00	\$0.00	\$0.00	\$4,300.00	\$4,176.90	\$123.10
01	5025	531		MAGISTRATES BONDS	\$550.00	\$0.00	\$162.60	\$712.60	\$712.60	\$0.00
01	5025	531	001	OFFICE STAFF BONDS	\$550.00	\$0.00	\$162.60	\$712.60	\$712.60	\$0.00
01	5025	539		RECORDING FEES	\$100.00	\$0.00	\$0.00	\$100.00	\$0.00	\$100.00
01	5025	551		ASSOCIATION MEMBERSHIPS	\$1,000.00	\$0.00	\$1,586.41	\$2,586.41	\$2,586.41	\$0.00
01	5025	563		POSTAGE	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$2,477.45	\$22.55
01	5025	569		CONFERENCE AND TRAINING	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$8,198.04	\$11,801.96
01	5025	576		TRAVEL EXPENSE	\$2,500.00	\$0.00	\$309.14	\$2,809.14	\$2,809.14	\$0.00
01	5030	367		PVA STATUTORY CONTRIBUTI	\$20,671.00	\$0.00	\$0.00	\$20,671.00	\$20,207.00	\$464.00
01	5035	191		BOARD OF ASSESSMENT APP	\$400.00	\$0.00	\$0.00	\$400.00	\$400.00	\$0.00
01	5040	102		COUNTY TREASURER SALARY	\$31,200.00	\$0.00	\$0.00	\$31,200.00	\$30,000.00	\$1,200.00
01	5040	531		COUNTY TREASURER BOND	\$800.00	\$0.00	\$0.00	\$800.00	\$766.55	\$33.45
01	5060	101		LAW LIBRARIAN SALARY	\$600.00	\$0.00	\$45.00	\$645.00	\$600.00	\$45.00
01	5065	192		ELECTION OFFICERS	\$16,000.00	\$0.00	\$0.00	\$16,000.00	\$10,645.00	\$5,355.00
01	5065	193		ELECTION COMMISSIONERS	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,125.00	\$875.00

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

01	5065	446	ELECTION MATERIALS AND SU	\$30,000.00	\$0.00	\$0.00	\$30,000.00	\$24,563.97	\$5,436.03
01	5065	525	INSURANCE ON VOTING EQUI	\$300.00	\$0.00	\$0.00	\$300.00	\$0.00	\$300.00
01	5065	565	ELECTION PRINTING AND ADV	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$0.00	\$1,500.00
01	5080	177	JUDICIAL CENTER MAINTENAN	\$35,000.00	\$0.00	\$2,426.56	\$37,426.56	\$36,040.40	\$1,386.16
01	5080	329	JUDICIAL CENTER CONTRACT	\$48,937.50	\$0.00	\$1,500.00	\$50,437.50	\$48,937.50	\$1,500.00
01	5080	340	JUDICIAL CENTER REPAIRS a	\$20,000.00	\$0.00	\$34,700.89	\$54,700.89	\$54,518.22	\$182.67
01	5080	346	JUDICIAL CENTER PEST CONT	\$1,200.00	\$0.00	\$0.00	\$1,200.00	\$1,200.00	\$0.00
01	5080	352	JUDICIAL CENTER ELEVATOR	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$3,425.95	\$1,574.05
01	5080	411	JUDICIAL CENTER CUSTODIAL	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$2,264.03	\$735.97
01	5080	425	JUDICIAL CENTER BOTTLED W	\$500.00	\$0.00	\$0.00	\$500.00	\$269.85	\$230.15
01	5080	481	JUDICIAL CENTER UNIFORMS	\$5,000.00	\$0.00	\$600.00	\$5,600.00	\$5,585.51	\$14.49
01	5080	525	JUDICIAL CENTER INSURANCE	\$28,000.00	\$0.00	\$0.00	\$28,000.00	\$0.00	\$28,000.00
01	5080	578	JUDICIAL CENTER FIRE ALAR	\$5,500.00	\$0.00	\$0.00	\$5,500.00	\$5,130.70	\$369.30
01	5080	579	JUDICIAL CENTER WATER	\$4,500.00	\$0.00	\$0.00	\$4,500.00	\$3,793.56	\$706.44
01	5080	582	JUDICIAL CENTER ELECTRIC	\$65,000.00	\$0.00	\$0.00	\$65,000.00	\$47,584.30	\$17,415.70
01	5080	583	JUDICIAL CENTER GAS	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$3,123.95	\$4,876.05
01	5085	175	COUNTY BUILDING CUSTODIA	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$16,378.46	\$3,621.54
01	5085	331	LEASE PAYMENT - NMTC MCR	\$91,963.50	\$0.00	\$0.00	\$91,963.50	\$91,963.50	\$0.00
01	5085	331 02	LEASE PAYMENT- NMTC MCRP	\$118,238.64	\$0.00	\$0.00	\$118,238.64	\$118,238.64	\$0.00
01	5085	340	COUNTY BLDG REPAIR and MA	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$13,760.08	\$6,239.92
01	5085	346	COUNTY BLDG PEST CONTRO	\$1,350.00	\$0.00	\$0.00	\$1,350.00	\$750.00	\$600.00
01	5085	352	COUNTY BLDG ELEVATOR MAI	\$2,500.00	\$0.00	\$0.00	\$2,500.00	\$1,577.64	\$922.36
01	5085	411	COUNTY BLDG CUSTODIAL SU	\$4,000.00	\$0.00	\$80.00	\$4,080.00	\$4,079.53	\$0.47
01	5085	411 002	GATEWAY COMMUNITY SERVI	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$4,000.00	\$0.00
01	5085	525	PROPERTY and LIABILITY INSU	\$160,000.00	\$0.00	\$0.00	\$160,000.00	\$110,352.00	\$49,648.00
01	5085	573	COUNTY BLD TELEPHONE	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$10,222.16	\$1,777.84
01	5085	579	COUNTY BLDG WATER	\$9,000.00	\$0.00	\$0.00	\$9,000.00	\$5,960.61	\$3,039.39
01	5085	582	COUNTY BLDG ELECTRIC	\$47,000.00	\$0.00	\$0.00	\$47,000.00	\$42,713.01	\$4,286.99
01	5085	582 002	POOL ELECTRIC	\$7,000.00	\$0.00	\$0.00	\$7,000.00	\$6,249.20	\$750.80
01	5085	583	COUNTY BLDG GAS	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$5,944.80	\$2,055.20
01	5090	531	COUNTY SURVEYOR BOND	\$110.00	\$0.00	\$0.00	\$110.00	\$101.80	\$8.20
01	5091	175	TECH CENTER MAINT SALARY	\$24,000.00	\$0.00	\$0.00	\$24,000.00	\$923.07	\$23,076.93
01	5091	340	TECH CENTER REPAIRS and M	\$20,000.00	\$0.00	\$3,000.00	\$23,000.00	\$22,984.18	\$15.82
01	5091	346	TECH CENTER PEST CONTRO	\$1,528.00	\$0.00	\$0.00	\$1,528.00	\$1,440.00	\$88.00
01	5091	352	TECH CENTER ELEVATOR MAI	\$4,000.00	\$0.00	\$10.40	\$4,010.40	\$4,010.40	\$0.00
01	5091	411	TECH CENTER CUSTODIAL SU	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
01	5091	573	TECH CENTER TELEPHONE	\$1,000.00	\$0.00	\$1,052.00	\$2,052.00	\$2,051.97	\$0.03
01	5091	576	TECH CENTER TRAVEL	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

01	5091	579	TECH CENTER WATER	\$4,000.00	\$0.00	\$850.00	\$4,850.00	\$4,771.25	\$78.75
01	5091	582	TECH CENTER ELECTRIC	\$80,000.00	\$0.00	\$0.00	\$80,000.00	\$75,388.53	\$4,611.47
01	5091	583	TECH CENTER GAS	\$40,000.00	\$0.00	\$700.00	\$40,700.00	\$40,650.33	\$49.67
01	5110	531	CONSTABLE BONDS	\$550.00	\$0.00	\$0.00	\$550.00	\$407.20	\$142.80
01	5135	315	DES CONTRACTED SERVICES	\$95,000.00	\$0.00	(\$87,467.23)	\$7,532.77	\$0.00	\$7,532.77
01	5140	549	EMS GRANT TO AMBULANCE S	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$0.00	\$10,000.00
01	5145	703	E-911 PROGRAM EXPENDITUR	\$58,000.00	\$0.00	\$0.00	\$58,000.00	\$53,571.10	\$4,428.90
01	5175	903	PUBLIC DEFENDER MANDATE	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
01	5205	105	ANIMAL SHELTER STAFF	\$46,000.00	\$0.00	\$5,500.00	\$51,500.00	\$49,903.09	\$1,596.91
01	5205	346	ANIMAL SHELTER PEST CONT	\$500.00	\$0.00	\$0.00	\$500.00	\$418.00	\$82.00
01	5205	385	ANIMAL SHELTER VETERINAR	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$233.00	\$3,767.00
01	5205	403	ANIMAL SHELTER EXPENDITU	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$7,552.56	\$447.44
01	5205	573	ANIMAL SHELTER TELEPHONE	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$1,935.60	\$64.40
01	5205	579	ANIMAL SHELTER WATER	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,171.10	\$328.90
01	5205	580	ANIMAL SHELTER SEPTIC SER	\$4,500.00	\$0.00	\$0.00	\$4,500.00	\$4,320.00	\$180.00
01	5205	582	ANIMAL SHELTER ELECTRIC	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$7,380.27	\$619.73
01	5211	185	SOLID WASTE PAYROLL	\$72,000.00	\$0.00	\$5,000.00	\$77,000.00	\$70,491.45	\$6,508.55
01	5211	315	SOLID WASTE DISPOSAL FEE	\$85,000.00	\$0.00	\$30,000.00	\$115,000.00	\$112,248.87	\$2,751.13
01	5211	340	SOLID WASTE REPAIR AND MA	\$6,500.00	\$0.00	\$15,300.00	\$21,800.00	\$21,749.04	\$50.96
01	5211	531	SOLID WASTE EMPLOYEE BO	\$250.00	\$0.00	\$0.00	\$250.00	\$203.60	\$46.40
01	5211	573	SOLID WASTE TELEPHONE	\$650.00	\$0.00	\$0.00	\$650.00	\$590.39	\$59.61
01	5211	579	SOLID WASTE WATER	\$350.00	\$0.00	\$0.00	\$350.00	\$314.16	\$35.84
01	5211	582	SOLID WASTE ELECTRIC	\$6,000.00	\$0.00	\$0.00	\$6,000.00	\$2,301.08	\$3,698.92
01	5225	580	PORTABLE RESTROOM RENTA	\$1,650.00	\$0.00	\$0.00	\$1,650.00	\$1,270.00	\$380.00
01	5340	507	COMMUNITY OUTREACH PRO	\$0.00	\$0.00	\$8,750.00	\$8,750.00	\$8,750.00	\$0.00
01	5401	177	CANNEL CITY PARK	\$0.00	\$0.00	\$2,584.00	\$2,584.00	\$2,499.00	\$85.00
01	5401	579	HORSE PARK WATER	\$700.00	\$0.00	\$0.00	\$700.00	\$287.98	\$412.02
01	5401	582	HORSE PARK ELECTRIC	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$3,768.40	\$231.60
01	5405	185	WELLNESS CENTER PAYROLL	\$75,000.00	\$0.00	\$800.00	\$75,800.00	\$73,046.61	\$2,753.39
01	5405	346	WELLNESS CENTER PEST CO	\$600.00	\$0.00	\$0.00	\$600.00	\$550.00	\$50.00
01	5405	352	WELLNESS CENTER ELEVATO	\$1,500.00	\$0.00	\$0.00	\$1,500.00	\$1,120.00	\$380.00
01	5405	411	WELLNESS CENTER CUSTODI	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$2,001.96	\$1,998.04
01	5405	423	WELLNESS CENTER CONCES	\$0.00	\$0.00	\$1,000.00	\$1,000.00	\$795.62	\$204.38
01	5405	441	WELLNESS CENTER OFFICE E	\$300.00	\$0.00	\$230.00	\$530.00	\$506.35	\$23.65
01	5405	445	WELLNESS CENTER OFFICE S	\$700.00	\$0.00	\$0.00	\$700.00	\$510.65	\$189.35
01	5405	507	KIWANIS POOL	\$5,000.00	\$0.00	\$0.00	\$5,000.00	\$2,500.00	\$2,500.00
01	5405	531	WELLNESS CENTER DIRECTO	\$325.00	\$0.00	\$0.00	\$325.00	\$305.40	\$19.60
01	5405	573	WELLNESS CENTER TELEPHO	\$2,000.00	\$0.00	\$4,000.00	\$6,000.00	\$5,944.68	\$55.32

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

01	5405	579	WELLNESS CENTER WATER	\$3,500.00	\$0.00	\$80.00	\$3,580.00	\$3,572.52	\$7.48
01	5405	582	WELLNESS CENTER ELECTRI	\$45,000.00	\$0.00	\$0.00	\$45,000.00	\$36,906.12	\$8,093.88
01	5405	586	WELLNESS CENTER REPAIRS	\$10,000.00	\$0.00	\$5,770.10	\$15,770.10	\$15,767.86	\$2.24
01	7401	601 001	BOND PRINCIPAL- No.31BP201	\$138,250.02	\$0.00	\$0.00	\$138,250.02	\$138,250.02	\$0.00
01	7401	601 002	BOND PRINCIPAL - No.29BP201	\$50,000.00	\$0.00	\$0.00	\$50,000.00	\$50,000.00	\$0.00
01	7401	605 001	BOND INTEREST - No.31BP201	\$92,216.27	\$0.00	\$0.00	\$92,216.27	\$92,216.27	\$0.00
01	7401	605 002	BOND INTEREST - No.29BP201	\$66,034.98	\$0.00	\$0.00	\$66,034.98	\$66,034.98	\$0.00
01	7600	537	SETTLEMENTS	\$27,500.00	\$0.00	\$0.00	\$27,500.00	\$27,500.00	\$0.00
01	7600	901	EDS PAYMENT	\$104,000.00	\$0.00	\$0.00	\$104,000.00	\$100,200.00	\$3,800.00
01	7700	602	LEASE PRINCIPAL - LIBRARY 2	\$163,624.00	\$0.00	\$0.00	\$163,624.00	\$163,624.00	\$0.00
01	7700	602 002	LEASE PRINCIPAL AMBULANC	\$20,972.48	\$0.00	\$342.47	\$21,314.95	\$20,972.48	\$342.47
01	7700	602 003	LEASE PRINCIPAL AMBULANC	\$16,336.46	\$0.00	\$0.00	\$16,336.46	\$16,336.46	\$0.00
01	7700	602 036	LEASE PRINCIPAL MC TRUCK	\$153,916.00	\$0.00	\$0.00	\$153,916.00	\$153,916.00	\$0.00
01	7700	606	LEASE INTEREST - LIBRARY 20	\$18,178.10	\$0.00	\$0.00	\$18,178.10	\$18,178.10	\$0.00
01	7700	606 002	INTEREST ON LEASE AMBULA	\$2,263.43	\$0.00	\$390.25	\$2,653.68	\$2,653.68	\$0.00
01	7700	606 003	INTEREST ON LEASE AMBULA	\$4,302.47	\$0.00	\$0.00	\$4,302.47	\$4,302.47	\$0.00
01	7700	606 036	LEASE INTEREST MC TRUCK N	\$2,052.20	\$0.00	\$0.00	\$2,052.20	\$2,052.20	\$0.00
01	9100	307	AUDIT FEES	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$78,810.35	\$21,189.65
01	9200	999	RESERVE FOR TRANSFERS	\$125,168.28	\$0.00	(\$125,168.28)	\$0.00	\$0.00	\$0.00
01	9300	999	TRANSFER TO OTHER FUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
01	9400	201	FRINGES SOCIAL SECURITY	\$52,000.00	\$0.00	\$0.00	\$52,000.00	\$48,210.44	\$3,789.56
01	9400	202	FRINGES RETIREMENT	\$158,000.00	\$0.00	\$0.00	\$158,000.00	\$137,685.29	\$20,314.71
01	9400	204	FRINGES SELF-PAY INS	\$0.00	\$0.00	\$18,000.00	\$18,000.00	\$17,560.57	\$439.43
01	9400	205	FRINGES HEALTH and DENTAL	\$320,000.00	\$0.00	\$0.00	\$320,000.00	\$318,054.78	\$1,945.22
01	9400	208	FRINGES UNEMPLOYMENT IN	\$9,000.00	\$0.00	\$808.10	\$9,808.10	\$9,808.10	\$0.00
01	9400	209	FRINGES WORKMENS COMPE	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$14,476.01	\$523.99
01	9400	299	GARNISHMENTS	\$0.00	\$0.00	\$14,151.18	\$14,151.18	\$14,151.18	\$0.00
02	5085	191	AIRPORT BOARD CONTRIBUTI	\$350.00	\$0.00	\$1,138.64	\$1,488.64	\$1,488.64	\$0.00
02	6100	302	ROAD ADVERTISMENT	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$1,383.75	\$1,616.25
02	6100	425	BOTTLED WATER	\$650.00	\$0.00	\$0.00	\$650.00	\$0.00	\$650.00
02	6105	143	ROAD DEPT. SALARIES	\$270,000.00	\$0.00	\$33,800.00	\$303,800.00	\$292,830.80	\$10,969.20
02	6105	311	EMERGENCY CO ROAD AID EX	\$0.00	\$0.00	\$6,921.05	\$6,921.05	\$6,921.05	\$0.00
02	6105	315	CONTRACT LABOR	\$86,000.00	\$0.00	\$3,000.00	\$89,000.00	\$88,364.75	\$635.25
02	6105	324	MEDICAL TESTING	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$314.00	\$686.00
02	6105	346	PEST CONTROL	\$2,200.00	\$0.00	\$0.00	\$2,200.00	\$1,740.00	\$460.00
02	6105	405	ASPHALT	\$10,000.00	\$0.00	\$14,677.64	\$24,677.64	\$21,589.38	\$3,088.26
02	6105	409	STONE and GRAVEL	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$90,595.69	\$9,404.31
02	6105	415	DIESEL FUEL	\$65,000.00	\$0.00	\$0.00	\$65,000.00	\$29,164.61	\$35,835.39

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

02	6105	421	SALT	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$11,476.24	\$8,523.76
02	6105	427	MATERIALS and SUPPLIES	\$20,000.00	\$0.00	\$6,000.00	\$26,000.00	\$25,843.28	\$156.72
02	6105	429	GASOLINE	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$34,277.75	\$5,722.25
02	6105	443	REPAIRS AND MAINTENANCE	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$22,443.32	\$77,556.68
02	6105	455	OIL and LUBRICANTS	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$6,805.87	\$1,194.13
02	6105	457	PIPE	\$25,000.00	\$0.00	\$21,000.00	\$46,000.00	\$45,941.64	\$58.36
02	6105	479	TIRES and TUBES	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$9,156.53	\$843.47
02	6105	481	UNIFORMS	\$5,000.00	\$0.00	\$2,721.43	\$7,721.43	\$7,721.43	\$0.00
02	6105	514	STONE HAUL BILL	\$40,000.00	\$0.00	\$0.00	\$40,000.00	\$29,262.16	\$10,737.84
02	6105	573	TELEPHONE	\$4,000.00	\$0.00	\$0.00	\$4,000.00	\$3,947.69	\$52.31
02	6105	579	WATER	\$6,000.00	\$0.00	\$0.00	\$6,000.00	\$5,861.87	\$138.13
02	6105	580	ROAD DEPARTMENT SEPTIC S	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$900.00	\$1,100.00
02	6105	582	ELECTRIC	\$12,000.00	\$0.00	\$0.00	\$12,000.00	\$10,792.10	\$1,207.90
02	6105	583	GAS	\$7,000.00	\$0.00	\$0.00	\$7,000.00	\$4,570.09	\$2,429.91
02	7700	602 017	BOND PRINCIPAL - No.31BP201	\$59,250.00	\$0.00	\$0.00	\$59,250.00	\$59,250.00	\$0.00
02	7700	606 017	BOND INTEREST - No.31BP201	\$39,521.27	\$0.00	\$0.00	\$39,521.27	\$39,521.27	\$0.00
02	8003	741	BRIDGE PROJECTS	\$200,000.00	\$0.00	(\$48,987.80)	\$151,012.20	\$5,531.55	\$145,480.65
02	8005	741	INFRASTRUCTURE IMPROVEM	\$35,000.00	\$0.00	\$0.00	\$35,000.00	\$11,235.00	\$23,765.00
02	8005	741 002	BLACKTOP PROJECTS	\$111,166.00	\$0.00	\$0.00	\$111,166.00	\$2,200.00	\$108,966.00
02	9100	535	VEHICLE and EQUIPMENT INS	\$35,000.00	\$0.00	\$8,065.40	\$43,065.40	\$43,065.40	\$0.00
02	9200	599	ROAD MISC. EXPENSE	\$1,000.00	\$0.00	\$5,650.00	\$6,650.00	\$6,650.00	\$0.00
02	9200	999	RESERVE FOR TRANSFERS	\$77,912.38	\$0.00	(\$56,486.36)	\$21,426.02	\$0.00	\$21,426.02
02	9300	999	TRANSFER TO OTHER FUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
02	9400	201	FRINGES SOCIAL SECURITY	\$21,000.00	\$0.00	\$2,500.00	\$23,500.00	\$22,510.27	\$989.73
02	9400	202	FRINGES RETIREMENT	\$70,000.00	\$0.00	\$0.00	\$70,000.00	\$64,299.74	\$5,700.26
02	9400	205 001	FRINGES HEALTH AND DENTA	\$100,000.00	\$0.00	\$0.00	\$100,000.00	\$92,450.44	\$7,549.56
02	9400	208	FRINGES UNEMPLOYMENT IN	\$3,000.00	\$0.00	\$0.00	\$3,000.00	\$0.00	\$3,000.00
02	9400	209	FRINGES WORKMENS COMPE	\$24,000.00	\$0.00	\$0.00	\$24,000.00	\$17,029.99	\$6,970.01
02	9500	902	NATL FOREST PYMT TO SCHO	\$17,500.00	\$0.00	\$0.00	\$17,500.00	\$0.00	\$17,500.00
03	5101	101	JAILER SALARY	\$30,000.00	\$0.00	\$0.10	\$30,000.10	\$28,846.25	\$1,153.85
03	5101	103	JAILER DEPUTIES	\$66,144.00	\$0.00	\$3,550.00	\$69,694.00	\$66,757.60	\$2,936.40
03	5101	212	INCENTIVE TRAINING - JAILER	\$4,137.04	\$0.00	\$175.56	\$4,312.60	\$4,312.60	\$0.00
03	5101	314	CONTRACTS WITH OTHER CO	\$660,000.00	\$0.00	(\$8,963.52)	\$651,036.48	\$356,895.00	\$294,141.48
03	5101	481	JAILER UNIFORMS	\$500.00	\$0.00	\$0.00	\$500.00	\$64.19	\$435.81
03	5101	531	JAILERS BOND	\$110.00	\$0.00	\$0.00	\$110.00	\$101.80	\$8.20
03	5101	549	ROUTINE MEDICAL EXPENSES	\$35,000.00	\$0.00	\$0.00	\$35,000.00	\$16,695.04	\$18,304.96
03	5101	551	MEMBERSHIP DUES	\$175.00	\$0.00	\$0.00	\$175.00	\$175.00	\$0.00
03	5101	569	CONFERENCES and TRAINING	\$1,800.00	\$0.00	\$0.00	\$1,800.00	\$225.00	\$1,575.00
03	5101	573	TELEPHONE	\$1,600.00	\$0.00	\$938.74	\$2,538.74	\$2,538.74	\$0.00
03	5101	576	TRAVEL EXPENSES - JAILERS	\$300.00	\$0.00	\$0.00	\$300.00	\$0.00	\$300.00
03	5101	592	VEHICLE OPERATION and MAI	\$13,000.00	\$0.00	(\$200.88)	\$12,799.12	\$3,226.58	\$9,572.54
03	5101	739 002	OTHER EQUIPMENT	\$500.00	\$0.00	(\$500.00)	\$0.00	\$0.00	\$0.00
03	5102	314	HOUSING JUVENILES	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
03	9200	999	RESERVE FOR TRANSFERS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03	9300	999	TRANSFER TO OTHER FUNDS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
03	9400	201	FRINGES SOCIAL SECURITY	\$8,000.00	\$0.00	\$0.00	\$8,000.00	\$7,643.45	\$356.55
03	9400	202	FRINGES RETIREMENT	\$29,000.00	\$0.00	\$5,000.00	\$34,000.00	\$32,510.54	\$1,489.46
12	5150	513	TIMBERLAND TAXING FUND AP	\$3,800.00	\$0.00	\$0.00	\$3,800.00	\$3,783.00	\$17.00
75	5075	715	ECONOMIC DEVELOPMENT W	\$0.00	\$0.00	\$8,000.00	\$8,000.00	\$8,000.00	\$0.00
75	5121	000	COAL SEVERANCE GRANT (FI	\$0.00	\$0.00	\$12,936.99	\$12,936.99	\$12,936.99	\$0.00
75	5121	348	FIRE DEPARTMENT SUPPORT	\$0.00	\$0.00	\$3,456.83	\$3,456.83	\$3,456.83	\$0.00
75	5130	348	RESCUE SQUAD PROGRAM S	\$0.00	\$0.00	\$6,541.19	\$6,541.19	\$6,541.19	\$0.00
75	5205	384	MORGAN COUNTY SPAY AND	\$2,000.00	\$0.00	\$0.00	\$2,000.00	\$360.00	\$1,640.00
75	5212	348	LITTER ABATEMENT PROGRA	\$25,000.00	\$0.00	\$0.00	\$25,000.00	\$18,486.01	\$6,513.99
75	5212	479	TIRE DISPOSAL FEES	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$500.00
75	5212	479 001	WASTE TIRE GRANT	\$1,000.00	\$0.00	\$3,093.25	\$4,093.25	\$3,149.75	\$943.50
75	5232	000 515	No.1 USDA ENVIROMENTAL DE	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$6,467.04	\$3,532.96
75	5235	716	No.2 USDA LOCAL ENVIROMEN	\$1,000.00	\$0.00	\$0.00	\$1,000.00	\$0.00	\$1,000.00
75	8000	741	AGRICULTURAL DEVELOPMEN	\$200,300.00	\$0.00	\$0.00	\$200,300.00	\$185,820.00	\$14,480.00
75	9100	398	PROGRAM ADMIN FEES AG DE	\$10,000.00	\$0.00	\$0.00	\$10,000.00	\$109.99	\$9,890.01
75	9200	999	RESERVE FOR TRANSFERS	\$62,000.00	\$0.00	(\$29,390.68)	\$32,609.32	\$0.00	\$32,609.32
75	9300	999	TRANSFER OUT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>				<b>\$6,682,482.99</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,682,482.99</b>	<b>\$5,386,692.73</b>	<b>\$1,295,790.26</b>

**MORGAN COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2020**  
**(Continued)**

## Liabilities file

Fund	Maj	Min	Suffix	Description	Total	Balance	Issue Information			Payments Due	
<b>01</b>							Term	5	Total		
<b>PRI</b>	7600	901		EDS	\$500,000.00	\$135,000.00	Rate	12.0000	Res. Earn.	\$0.00	Next 07/31/2020
<b>INT</b>	7600	901		SETTLEMENT	\$112,500.00	\$22,200.00	Issued	07/31/2017	Outstand.	\$157,200.00	Final 07/31/2021
<b>01</b>							Term	6	Total	\$123,403.49	
<b>PRI</b>	7700	602	003	MORGAN COUNTY No.35	\$101,599.00	\$56,728.50	Rate	06.5490	Res. Earn.	\$0.00	Next 07/20/2020
<b>INT</b>	7700	606	003	AMBULANCE	\$21,804.49	\$6,053.45	Issued	07/13/2017	Outstand.	\$62,781.95	Final 07/20/2023
<b>01</b>							Term	5	Total	\$117,539.77	
<b>PRI</b>	7700	602	002	MORGAN COUNTY No.33	\$101,916.00	\$29,232.37	Rate	06.5500	Res. Earn.	\$0.00	Next 07/20/2020
<b>INT</b>	7700	606	002	AMBULANCE	\$15,623.77	\$1,211.95	Issued	09/22/2016	Outstand.	\$30,444.32	Final 09/20/2021
<b>01</b>							Term	20	Total	\$6,485,513.64	
<b>PRI</b>	7401	601	001	KACO BOND SERIES 2015B	\$4,655,000.00	\$3,705,000.20	Rate	03.0000	Res. Earn.	\$0.00	Next 07/20/2020
<b>INT</b>	7401	605	001	No.31BP2015B	\$1,830,513.64	\$1,065,053.23	Issued	04/20/2015	Outstand.	\$4,770,053.43	Final 12/20/2034
<b>01</b>							Term	25	Total	\$2,893,219.67	
<b>PRI</b>	7401	601	002	KACo - SERIES 2012B BONDS	\$1,600,000.00	\$1,410,833.45	Rate	04.1700	Res. Earn.	\$0.00	Next 07/20/2020
<b>INT</b>	7401	605	002	MORGAN	\$1,293,219.67	\$906,897.36	Issued	12/27/2012	Outstand.	\$2,317,730.81	Final 12/20/2037
<b>01</b>							Term	20	Total	\$3,615,371.59	
<b>PRI</b>	7700	602		MORGAN COUNTY	\$2,260,000.00	\$171,674.00	Rate	04.6400	Res. Earn.	\$0.00	Next 01/20/2021
<b>INT</b>	7700	606		LIBRARY	\$1,355,371.59	\$9,307.27	Issued	04/19/2002	Outstand.	\$180,981.27	Final 01/20/2021
<b>TOTALS-PRI</b>							<b>Issues</b>				
<b>TOTALS-INT</b>							<b>Res. Earn.</b>				
							<b>Outstand.</b>				
							<b>\$13,847,548.16</b>				
							<b>\$0.00</b>				
							<b>\$7,519,191.78</b>				

## Total Liabilities file

Long Term	Short Term	Total
	\$7,519,191.78	\$0.00
		\$7,519,191.78

## Reconciliation file

Fund	Description	Bank Balance	Dep. in Transit	Checks	Other	Cash Balance
01	General Fund	\$637,227.36	\$0.00	\$400,000.00	\$0.00	\$237,227.36
01	General Fund	\$18.08	\$0.00	\$0.00	\$0.00	\$18.08
01	General Fund	\$42,324.83	\$400,000.00	\$9,775.29	\$0.00	\$432,549.54
02	Road Fund	\$100,548.62	\$0.00	\$0.00	\$0.00	\$100,548.62
02	Road Fund	\$294,509.33	\$0.00	\$518.75	\$0.00	\$293,990.58
03	Jail Fund	\$2,961.30	\$0.00	\$0.00	\$0.00	\$2,961.30
03	Jail Fund	\$7,404.19	\$0.00	\$530.81	\$0.00	\$6,873.38
04	Local Government Economic Assistance Fund	\$14,712.48	\$0.00	\$0.00	\$0.00	\$14,712.48
04	Local Government Economic Assistance Fund	\$39,774.93	\$0.00	\$0.00	\$0.00	\$39,774.93
12	Forest Fire Protection Fund	\$1,764.89	\$0.00	\$0.00	\$0.00	\$1,764.89
75	Special Projects Fund	\$22,928.37	\$0.00	\$0.00	\$0.00	\$22,928.37

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

The Honorable John Will Stacy, Morgan County Judge/Executive  
Members of the Morgan County Fiscal Court

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

**Independent Auditor's Report**

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Morgan County Fiscal Court for the fiscal year ended June 30, 2020, and the related notes to the financial statement which collectively comprise the Morgan County Fiscal Court's financial statement and have issued our report thereon dated May 26, 2022. Our report disclaims an opinion on the financial statement because we were unable to obtain audited financial statements to support the Morgan County Real Properties I and II Corporation Funds at June 30, 2020 which are considered material omissions of the Morgan County Fiscal Court's financial statement.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Morgan County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Morgan County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morgan County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-001, 2020-004, 2020-006, 2020-007, and 2020-008 to be material weaknesses.



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

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2020-003 and 2020-005 to be significant deficiencies.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Morgan County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2020-002, 2020-004, 2020-006, 2020-007, and 2020-008.

**Views of Responsible Official and Planned Corrective Action**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal stroke extending to the right.

Mike Harmon  
Auditor of Public Accounts

May 26, 2022

**MORGAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2020**

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**MORGAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2020**

FINANCIAL STATEMENT FINDINGS:

2020-001    The Morgan County Fiscal Court Does Not Have Internal Controls Over The Real Properties I And Real Properties II Corporations

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This is a repeat finding and was included in the prior year audit report as finding 2019-001. The county does not have internal controls over the Real Properties I and Real Properties II corporations. The Real Properties I Corporation was created for the sole purpose of constructing and equipping the health and wellness center and repairing the old Morgan County courthouse for the benefit of Morgan County after the tornado on March 2, 2012. The Real Properties II Corporation was created for the sole purpose of constructing the Morgan County Cooperative Extension Service building, the Morgan County transit station and parking garage, and repairing the Morgan County Community Center for the benefit of Morgan County after the tornado on March 2, 2012. The Morgan County Fiscal Court did not ensure annual financial statements were prepared for the Real Properties I and Real Properties II corporations. The Morgan County Fiscal Court also failed to obtain an audit of these corporations. We were not engaged as auditors of these corporations and were told that a private firm was conducting these audits. However, as of the date of this report, they have not been audited.

This is caused by a lack of knowledge by county personnel on the activity of these corporations. They have a complex structure and the personnel responsible for the financial statements did not have the knowledge necessary to prepare them.

As a result, the Real Properties I and Real Properties II corporations have not been audited. These are significant components of the Morgan County Fiscal Court and therefore we have disclaimed an opinion on the financial statement for the fiscal year ending June 30, 2020. Good internal controls dictate that financial statements are timely prepared and audited.

We recommend management of the Real Properties I and Real Properties II corporations ensure that financial statements are prepared timely and audited as required.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Real Properties I and Real Properties II Corporations have concluded their intended purpose to rebuild and construct properties that were damaged in the 2012 tornado. Since the New Market Tax Credit has concluded, these entities will be dissolved, effectively correcting this finding.*

2020-002    The Morgan County Fiscal Court's General Fund Owes The Road Fund Due To Inappropriate Disbursements

---

This is a repeat finding and was included in the prior year audit report as finding 2019-002. Below is a chart that depicts how the general fund owes the road fund monies due to various reasons over the past years, including local government economic assistance (LGEA) funds that should have been spent 100% on road categories (FY 2018), too much truck license fees being transferred to the general fund (FY 2016 and 2017), transfer station disbursements being paid from the road fund (FY 2014 and 2015), and LGEA funds being transferred to the jail fund that should have been used for transportation (FY 2014).

**MORGAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-002 The Morgan County Fiscal Court's General Fund Owes The Road Fund Due To Inappropriate Disbursements (Continued)

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>LGEA Fund</u>
Interfund Receivable (Liabilities) 2014	(138,775)	165,165	(26,390)	
Interfund Receivable (Liabilities) 2015	(143,238)	143,238		
Interfund Receivable (Liabilities) 2016	(200,892)	200,892		
Interfund Receivable (Liabilities) 2017				(24,677)
Credit given for Truck License Not Transferred in FY 2017	150,788	(201,855)	26,390	24,677
Interfund Receivable (Liabilities) 2018	(2,254)	2,254		
Total	<u>\$ (334,371)</u>	<u>\$ 309,694</u>	<u>\$ 0</u>	<u>\$ 0</u>

Since fiscal year 2014, the county has not remedied the issues noted and is not in compliance in the use of restricted monies. The liabilities of the general fund have the fund in a deficit and the road fund is being deprived of money that could be used in the fund.

Road monies are restricted by KRS 177.320 and KRS 177.360. Under the regulatory basis of accounting, fund balances are not adjusted for the unpaid liability on the financial statements.

We recommend the Morgan County Fiscal Court remedy the liabilities owed to the road fund as soon as possible and to avoid having deficit balances.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The General Fund will have paid back the Road Fund in full by the end of this current fiscal year 2021-2022.*

2020-003 The Morgan County Fiscal Court Does Not Have Internal Controls Over Bank Reconciliations

This is a repeat finding and was included in the prior year audit report as finding 2019-003. Bank reconciliations were not completed for all bank accounts including payroll, rebuild Morgan County, and the Public Properties Corporation. Bank reconciliations that were completed did not appear to be any review by a second party for accuracy.

Mistakes could occur and not be corrected in a timely manner because internal controls were not in place to ensure that bank reconciliations were completed for all accounts and that those were completed were reviewed by a second party. Good internal controls dictate bank reconciliations should be completed for all bank accounts and should reconcile to supporting financial information. A person independent of the posting and reconciliation process should review the reconciliation and original bank statement.

We recommend the fiscal court determine appropriate internal controls to ensure that reconciliations are performed, and they are reviewed by a second party.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Bank reconciliations will be checked by appropriate staff to ensure accuracy and oversight.*



**MORGAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-004 The Morgan County Fiscal Court Did Not Accurately Report Debt On The Quarterly Financial Statement

This is a repeat finding and was included in the prior year audit report as finding 2019-004. The debt schedule presented with the fourth quarter report (which serves as the year-end financial statement) inaccurately reported debt obligations. The fourth quarter report understated the principal and interest balances for the Morgan County Justice Center Revenue bonds by \$9,577,387 and \$2,175,043, respectively.

The fiscal court does not have controls in place to ensure that debt obligations are properly reported on the fourth quarter report. By not accurately reporting debt, the county is not in compliance with KRS 68.210. In addition, the fiscal court does not have accurate information on which to base financial decisions.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires all county debt be reflected properly on the quarterly financial statement.

We recommend the county ensure that the correct amounts are shown all financial statements presented to the public and to the Department for Local Government. We further recommend the county review all aspects of the quarterly reports before signing and submitting. This matter will be referred to the Department for Local Government.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: All debt is accurately reported, including the Judicial Center debt moving forward.*

2020-005 The Morgan County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements

Internal controls associated over disbursements were not operating as intended. Proper procedures for disbursements were not followed to ensure payments were accurate and timely. Taxpayer monies were not properly spent due to late fees and state taxes being paid.

The deficiencies listed below were able to occur due to lack of monitoring of controls and diminish the effectiveness of the internal controls put in place over disbursements by the fiscal court. These deficiencies could create errors in recording or allow for the possibility of misappropriation of assets.

As a result, the following exceptions were noted:

- Six disbursements totaling \$16,736 were not paid within 30 days.
- Three invoices accumulated late fees in the amount of \$39.
- Three invoices included sales tax in the amount of \$100.
- Two invoices totaling \$22,301 did not have supporting documentation.
- Five invoices totaling \$34,489 were not approved by the fiscal court.
- Four receipts for credit card payments could not be provided.
- Encumbrances reported on the fourth quarter report did not agree to report provided by the county treasurer.

**MORGAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-005 The Morgan County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements  
 (Continued)

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KRS 65.140(2) states, in part, “all bills for goods or services shall be paid within thirty (30) working days of receipt of vendor’s invoice except when payment is delayed because the purchaser has made a written disapproval of improper performance or improper invoicing by the vendor or by the vendor’s subcontractor.”

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires the fiscal court is required to submit a quarterly report to the state local finance officer and to report all money received to date in all funds both budgeted and unbudgeted. The report should include by fund, all receipts to date, transfers, borrowed money as well as claims allowed since the beginning of the fiscal year for actual and budgeted amounts. This report should also include encumbrances.

Strong internal controls dictate that there be procedures in place to make sure payments are being made on time, and finance charges and sales tax are not being charged.

We recommend the fiscal court implement proper internal controls over disbursements and ensure they are operating effectively.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: All expenditures are run through the monthly vendor claims, unless on standing order. All claims are approved by the Fiscal Court.*

2020-006 The Morgan County Fiscal Court Did Not Follow Competitive Bidding Requirements

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The fiscal court did not follow competitive bidding requirements for three different types of goods (rock, asphalt, and pipes) that were purchased from three vendors. The fiscal court and management failed to follow procedures outlined in the county’s administrative code that outline provisions for bidding. The fiscal court and management did not have adequate oversight and review procedures in place to ensure competitive bidding policies and procedures were followed. The fiscal court is in violation of its administrative code and statutes for competitive bidding.

Competitive bidding ensures that the fiscal court procures materials and services at the best price available. KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except for perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.”

In addition, page 125, section 4.02 B of the Morgan County Fiscal Court Administrative Code states, “The County Judge/Executive shall open all bids publicly at the time and place stated in the advertisement and shall select the lowest and/or best bid by a qualified bidder. If the lowest bid is not selected, the reasons for the selections shall be stated in writing.”

**MORGAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-006 The Morgan County Fiscal Court Did Not Follow Competitive Bidding Requirements (Continued)

We recommend the fiscal court and management abide by the competitive bidding requirements outlined in the county's administrative code and KRS 424.260. We recommend adequate oversight procedures be implemented to ensure this process is followed for any purchases of like type items that exceed \$30,000 during the fiscal year.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The Fiscal Court will follow competitive bidding requirements moving forward. The exception was made to be fiscally responsible and choose multiple bids at the same pricing to be more efficient in executing ongoing projects.*

2020-007 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate

This is a repeat finding and was included in the prior year audit report as finding 2019-006. The following issues were noted for payroll processing:

- Eleven timesheets were not signed by a supervisor.
- One timesheet was missing.
- The payroll revolving account was not reconciled to zero on a monthly basis.
- Retirement contributions did not appear to be accurate or properly recorded. Out of the three months tested, one was paid late, and three employee's matches were paid over to the treasurer but not included on the retirement reports.
- A 1099 was not issued for compensation paid for monthly bookkeeping expenses from Morgan County Real Properties I and II Corporations and Rebuild Morgan County.

The fiscal court failed to adequately assess the risk associated with payroll processing and failed to implement adequate internal controls regarding the documentation, preparation, and authorization of payroll.

Employee hours worked could not be substantiated because the county failed to maintain signed timesheets. Since the payroll account has not been reconciled to zero there could be monies in the payroll account which belong to other funds of the fiscal court. Also, the amount of wages reported to County Employees Retirement System (CERS) determines employees' retirement benefits. It is imperative that the reported wages are complete, accurate, and supported by payroll documentation. Failure to pay accurate amounts to County Employees Retirement System (CERS) timely can result in penalties and interest charges, which are not an efficient use of taxpayer resources.

KRS 337.320(1) states, in part, "[e]very employer shall keep a record of: (a) The amount paid each pay period to each employee; (b) The hours worked each day and each week by each employee[.]" Payroll revolving accounts are established in order to process individual payroll transactions and should zero out or reconcile to a minimal carrying balance.

**MORGAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2020**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-007 Internal Controls, Review Procedures, And Oversight For Payroll Processing Are Not Adequate  
 (Continued)

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KRS 78.625(2) states, “[t]he agency reporting official of the county shall file the following at the retirement office on or before the tenth day of the month following the period being reported: (a) The employee and employer contributions required under KRS 78.610 and 78.635; (b) The employer contributions and reimbursements for retiree health insurance premiums required under KRS 78.5540; and (c) A record of all contributions to the system on the forms prescribed by the systems. KRS 78.625(3) states, “(a) If the agency reporting official fails to file at the retirement office all contributions and reports on or before the tenth day of the month following the period being reported, interest on the delinquent contributions at the actuarial rate adopted by the board compounded annually, but not less than one thousand dollars (\$1,000), shall be added to the amount due the system. (b) Delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties may be recovered by action in the Franklin Circuit Court against the county liable or may, at the request of the board, be deducted from any other moneys payable to the county by any department or agency of the state. KRS 78.625(4) states, “[i]f an agency is delinquent in the payment of contributions due in accordance with any of the provisions of KRS 78.510 to 78.852, refunds and retirement allowance payments to members of this agency may be suspended until the delinquent contributions, with interest at the rate adopted by the board compounded annually, or penalties have been paid to the system.”

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

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: More oversight and internal controls will be implemented to remedy this finding.*

2020-008 The Morgan County Fiscal Court Did Not Establish Adequate Controls Over The Justice Center Corporation Fund

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The fiscal court did not maintain adequate controls over the justice center corporation fund. No financial statements were prepared for these funds and no information regarding the activity in these funds was submitted to the fiscal court for review. Also, the county’s debt schedule presented with the fourth quarter report (which serves as the year-end financial statement) did not report debt obligations of the Morgan County Justice Center Bonds, resulting in an understatement of debt of \$11,895,043.

The treasurer was unaware she had to prepare a financial statement for the justice center corporation fund. By not preparing an annual financial statement, the fiscal court is not aware of the transactions that are occurring relating to the receipts and disbursements of the unbudgeted funds. This could result in undetected fraud, errors, and misstatements. Also, not presenting all debt that the county has outstanding does not give users of the county’s financial information a true picture of the county’s financial well-being. The fiscal court is financially accountable and legally obligated for the justice center corporation fund. The fiscal court should establish adequate controls over these funds so that proper records are maintained, and complete and accurate information is available for review.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts, set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual*, requires all county debt be reflected properly on the quarterly financial statement.

**MORGAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2020  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-008    The Morgan County Fiscal Court Did Not Establish Adequate Controls Over The Justice Center Corporation Fund (Continued)

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We recommend the county treasurer reconcile these accounts and prepare a financial statement for the justice center corporation fund and include all debt of the county on the quarterly financial statement as required. This matter will be referred to the Department for Local Government.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: A ledger is now maintained to establish adequate controls over the Justice Center Corporation Fund.*

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

**MORGAN COUNTY FISCAL COURT**

**For The Year Ended June 30, 2020**


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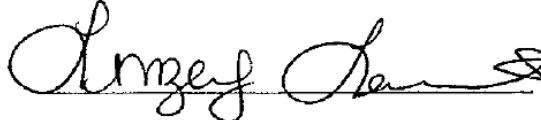
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
MORGAN COUNTY FISCAL COURT

For The Year Ended June 30, 2020

The Morgan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to read "John Will Stacy", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Armye Lane", written over a horizontal line.

County Treasurer