

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

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



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Spencer County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Spencer County Fiscal Court's financial statement as listed in the table of contents.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Spencer County Fiscal Court on the basis of the 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Spencer County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Spencer County Fiscal Court as of June 30, 2017, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Spencer County Fiscal Court. The Budgetary Comparison Schedules and the Capital Asset Schedule, are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented 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.

The accompanying Budgetary Comparison Schedules and the Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky
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Members of the Spencer County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2018, on our consideration of the Spencer 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 Spencer County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report findings:

- 2017-001 The Spencer County Fiscal Court Lacks Adequate Controls Over Animal Services Receipts And Is Not Compliant With State Law
- 2017-002 The Spencer County Fiscal Court Lacks Adequate Controls Over Parks Receipts And Is Not Compliant With State Law
- 2017-003 The Spencer County Fiscal Court Does Not Conduct An Annual Inventory Count
- 2017-004 The Spencer County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

June 1, 2018

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

John Riley	County Judge/Executive
Jim J. Williams	Magistrate until November 29, 2016
Roger Moore	Magistrate starting November 30, 2016
Hobert Judd	Magistrate
Brian Bayers	Magistrate
Collis Rogers	Magistrate
David Goodlett	Magistrate

Other Elected Officials:

Kenneth S. Jones	County Attorney
Darrell Herndon	Jailer
Lynn Hesselbrock	County Clerk
Becky M. Robinson	Circuit Court Clerk
Donald Stump, Jr.	Sheriff
Kim Stump	Property Valuation Administrator
Danny Hilbert	Coroner

Appointed Personnel:

Doug Williams	County Treasurer
Karen Clark	Deputy County Judge Executive/Finance Officer

**SPENCER COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2017

SPENCER COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2017

	<u>Budgeted Funds</u>			
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$ 2,461,317	\$	\$	\$ 2,461,317
In Lieu Tax Payments	33,014			33,014
Licenses and Permits	322,279			322,279
Intergovernmental	1,377,580	1,164,938	119,113	2,661,631
Charges for Services	489,705			489,705
Miscellaneous	130,714	29,372	854	160,940
Interest	1,246	541	26	1,813
Total Receipts	<u>4,815,855</u>	<u>1,194,851</u>	<u>119,993</u>	<u>6,130,699</u>
DISBURSEMENTS				
General Government	2,187,451		30,135	2,217,586
Protection to Persons and Property	1,148,527		322,799	1,471,326
General Health and Sanitation	254,196			254,196
Social Services	74,501			74,501
Recreation and Culture	142,627			142,627
Roads		693,443		693,443
Debt Service	69,716			69,716
Capital Projects	133,223			133,223
Administration	653,087	319,183	26,364	998,634
Total Disbursements	<u>4,663,328</u>	<u>1,012,626</u>	<u>379,298</u>	<u>6,055,252</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>152,527</u>	<u>182,225</u>	<u>(259,305)</u>	<u>75,447</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds	240,000			240,000
Transfers From Other Funds			220,605	220,605
Transfers To Other Funds	(220,605)			(220,605)
Total Other Adjustments to Cash (Uses)	<u>19,395</u>		<u>220,605</u>	<u>240,000</u>
Net Change in Fund Balance	171,922	182,225	(38,700)	315,447
Fund Balance - Beginning (Restated)	<u>533,028</u>	<u>710,552</u>	<u>49,478</u>	<u>1,293,058</u>
Fund Balance - Ending	<u>\$ 704,950</u>	<u>\$ 892,777</u>	<u>\$ 10,778</u>	<u>\$ 1,608,505</u>
Composition of Fund Balance				
Bank Balance	\$ 782,977	\$ 1,036,948	\$ 10,778	\$ 1,830,703
Less: Outstanding Checks	(78,027)	(144,171)		(222,198)
Fund Balance - Ending	<u>\$ 704,950</u>	<u>\$ 892,777</u>	<u>\$ 10,778</u>	<u>\$ 1,608,505</u>

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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**SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Spencer County includes all budgeted and unbudgeted funds under the control of the Spencer County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

E. Spencer County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Spencer County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Spencer County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2017.

	<u>General Fund</u>	<u>Total Transfers In</u>
Jail Fund	\$ 220,605	\$ 220,605
Total Transfers Out	<u>\$ 220,605</u>	<u>\$ 220,605</u>

Reason for transfers:

To move resources from the general fund, for budgetary purposes, to the fund that will expend them.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt

A. Ambulance Building

On January 15, 2013, the Spencer County Fiscal Court signed an agreement with the Spencer County Extension Foundation to purchase the old extension building for \$250,000 at an interest rate of zero percent for ten years. The Spencer County Fiscal Court paid \$25,000 and will pay the remaining balance of \$225,000 at the rate of \$1,875 per month until paid in full. The following schedule indicates the required principal payments according to the original lease agreement. The outstanding principal balance was \$123,750 as of June 30, 2017.

Fiscal Year Ending June 30 2017	Principal
2018	\$ 22,500
2019	22,500
2020	22,500
2021	22,500
2022	22,500
2023	11,250
Totals	<u>\$ 123,750</u>

B. Floodwall

On August 27, 2014, the Spencer County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust to borrow \$200,000 to finance the inspection, repair, and recertification of a levee to USACE standards at a fixed interest rate of 3.43 percent for five years. The Spencer County Fiscal Court paid \$43,769 during fiscal year 2017 and will pay the remaining principal balance at the rate of \$3,333 per month until paid in full. The following schedule indicates the required principal payments according to the original lease agreement. The outstanding principal balance was \$86,667 as of June 30, 2017.

Fiscal Year Ending June 30 2017	Principal	Interest
2018	\$ 40,000	\$ 2,378
2019	40,000	986
2020	6,667	29
Totals	<u>\$ 86,667</u>	<u>\$ 3,393</u>

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Long-term Debt (Continued)

C. Floodwall and Ambulance Vehicle

On December 21, 2016, the Spencer County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust to borrow \$240,000 to finance the inspection, repair, and recertification of a levee to USACE standards and for acquisition of ambulance vehicles at a fixed interest rate of 3.562 percent for five years. The Spencer County Fiscal Court paid \$22,490 during fiscal year 2017 and will pay the remaining principal balance until paid in full. The following schedule indicates the required principal payments according to the original lease agreement. The outstanding principal balance was \$221,920 as of June 30, 2017.

Fiscal Year Ending June 30	Principal	Interest
2018	\$ 46,054	\$ 7,158
2019	47,343	5,496
2020	48,667	3,788
2021	50,029	2,032
2022	29,827	355
Totals	<u>\$ 221,920</u>	<u>\$ 18,829</u>

D. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financing Obligations	<u>\$ 272,917</u>	<u>\$ 240,000</u>	<u>\$ 80,580</u>	<u>\$ 432,337</u>	<u>\$ 108,554</u>
Total Long-term Debt	<u>\$ 272,917</u>	<u>\$ 240,000</u>	<u>\$ 80,580</u>	<u>\$ 432,337</u>	<u>\$ 108,554</u>

Note 5. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2015 was \$561,056, FY 2016 was \$524,914, and FY 2017 was \$540,343.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 5. Employee Retirement System (Continued)

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 18.68 percent.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 5. Employee Retirement System (Continued)

Hazardous (Continued)

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 31.06 percent.

Health Insurance Coverage

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Deferred Compensation

The Spencer County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. Health Reimbursement Account/Flexible Spending Account

The Spencer County Fiscal Court established a flexible spending account on July 1, 2009, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$750 each year to pay for qualified medical expenses.

Note 8. Insurance

For the fiscal year ended June 30, 2017, the Spencer County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Contingencies

The county is involved in multiple lawsuits that arose from the normal course of business. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 10. Related Party Transaction

The Spencer County Fiscal Court has a contract for services with the deputy judge/executive's husband to perform building and electrical inspections. This contract is for a period of one year and may be extended by mutual agreement on a year-to-year basis. Fees for new permit inspections, as previously established by the county, shall be paid directly to the deputy judge/executive's husband from the individuals seeking the permits and inspections.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 11. Prior Period Adjustments

The prior period ending balances for the general fund and the road fund were increased by \$5,282 and \$6, respectively, to include prior year voided checks.

**SPENCER COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2017

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SPENCER COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,329,000	\$ 2,439,244	\$ 2,461,317	\$ 22,073
In Lieu Tax Payments	20,000	20,000	33,014	13,014
Licenses and Permits	297,000	302,420	322,279	19,859
Intergovernmental	1,203,356	1,277,178	1,377,580	100,402
Charges for Services	463,600	465,437	489,705	24,268
Miscellaneous	35,001	87,556	130,714	43,158
Interest	1,400	1,400	1,246	(154)
Total Receipts	<u>4,349,357</u>	<u>4,593,235</u>	<u>4,815,855</u>	<u>222,620</u>
DISBURSEMENTS				
General Government	2,414,136	2,462,570	2,187,451	275,119
Protection to Persons and Property	1,210,733	1,190,306	1,148,527	41,779
General Health and Sanitation	181,700	271,258	254,196	17,062
Social Services	69,500	77,550	74,501	3,049
Recreation and Culture	120,100	148,172	142,627	5,545
Debt Service	89,060	99,060	69,716	29,344
Capital Projects	36,000	178,500	133,223	45,277
Administration	663,023	703,674	653,087	50,587
Total Disbursements	<u>4,784,252</u>	<u>5,131,090</u>	<u>4,663,328</u>	<u>467,762</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(434,895)</u>	<u>(537,855)</u>	<u>152,527</u>	<u>690,382</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds	200,000	240,000	240,000	
Transfers To Other Funds	<u>(165,105)</u>	<u>(230,605)</u>	<u>(220,605)</u>	<u>10,000</u>
Total Other Adjustments to Cash (Uses)	<u>34,895</u>	<u>9,395</u>	<u>19,395</u>	<u>10,000</u>
Net Change in Fund Balance	(400,000)	(528,460)	171,922	700,382
Fund Balance - Beginning (Restated)	<u>400,000</u>	<u>528,460</u>	<u>533,028</u>	<u>4,568</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 704,950</u>	<u>\$ 704,950</u>

SPENCER COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,378,236	\$ 1,421,892	\$ 1,164,938	\$ (256,954)
Miscellaneous	1,500	6,305	29,372	23,067
Interest	300	300	541	241
Total Receipts	<u>1,380,036</u>	<u>1,428,497</u>	<u>1,194,851</u>	<u>(233,646)</u>
DISBURSEMENTS				
Roads	1,266,627	1,589,707	693,443	896,264
Administration	296,409	559,336	319,183	240,153
Total Disbursements	<u>1,563,036</u>	<u>2,149,043</u>	<u>1,012,626</u>	<u>1,136,417</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(183,000)</u>	<u>(720,546)</u>	<u>182,225</u>	<u>902,771</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	10,000	10,000		(10,000)
Total Other Adjustments to Cash (Uses)	<u>10,000</u>	<u>10,000</u>		<u>(10,000)</u>
Net Change in Fund Balance	(173,000)	(710,546)	182,225	892,771
Fund Balance - Beginning (Restated)	<u>173,000</u>	<u>710,546</u>	<u>710,552</u>	<u>6</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 892,777</u>	<u>\$ 892,777</u>

SPENCER COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 107,645	\$ 107,645	\$ 119,113	\$ 11,468
Miscellaneous	200	200	854	654
Interest	50	50	26	(24)
Total Receipts	<u>107,895</u>	<u>107,895</u>	<u>119,993</u>	<u>12,098</u>
DISBURSEMENTS				
General Government	27,000	31,280	30,135	1,145
Protection to Persons and Property	252,000	324,510	322,799	1,711
Administration	39,000	27,710	26,364	1,346
Total Disbursements	<u>318,000</u>	<u>383,500</u>	<u>379,298</u>	<u>4,202</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(210,105)</u>	<u>(275,605)</u>	<u>(259,305)</u>	<u>16,300</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	155,105	220,605	220,605	
Total Other Adjustments to Cash (Uses)	<u>155,105</u>	<u>220,605</u>	<u>220,605</u>	
Net Change in Fund Balance	(55,000)	(55,000)	(38,700)	16,300
Fund Balance - Beginning	55,000	55,000	49,478	(5,522)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,778</u>	<u>\$ 10,778</u>

SPENCER COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2017

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

**SPENCER COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2017

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SPENCER COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 323,379	\$	\$	\$ 323,379
Land Improvements	130,312			130,312
Buildings and Buildings Improvements	2,578,717	58,342		2,637,059
Vehicles and Equipment	3,141,518	314,579	97,940	3,358,157
Infrastructure	4,781,625	116,426		4,898,051
Total Capital Assets	<u>\$ 10,955,551</u>	<u>\$ 489,347</u>	<u>\$ 97,940</u>	<u>\$ 11,346,958</u>

**SPENCER COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land	\$ 12,500	10-60
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-50
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

**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 Riley, Spencer County Judge/Executive
Members of the Spencer 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 have audited, 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 Spencer County Fiscal Court for the fiscal year ended June 30, 2017 and the related notes to the financial statement which collectively comprise the Spencer County Fiscal Court's financial statement and have issued our report thereon dated June 1, 2018.

Internal Control Over Financial Reporting

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

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

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 2017-001, 2017-002, and 2017-003 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 deficiency described in the accompanying Schedule of Findings and Responses as item 2017-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spencer 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 2017-001, 2017-002, and 2017-003.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

June 1, 2018

**SPENCER COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

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**SPENCER COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS:

2017-001 The Spencer County Fiscal Court Lacks Adequate Controls Over Animal Services Receipts And Is Not Compliant With State Law

The Spencer County Fiscal Court lacks adequate controls over animal services receipts. The following weaknesses were noted:

- Receipt tickets are not consistently used to evidence fees collected at the animal shelter.
- Funds collected at the animal shelter were provided to the treasurer with no corresponding receipt tickets, so funds collected could not be verified to supporting receipt tickets.
- Funds collected at the animal shelter were not deposited daily.
- Supporting documents were not maintained for funds collected (i.e. adoption form for animal adopted with description of animal, information on person who adopted the animal, etc.), so status of animals and number of animals at the shelter could not be verified.

The Spencer County Fiscal Court has not implemented effective controls over animal services receipts. When controls over receipts are not operating effectively, there is significant increased risk for a material misstatement in the financial statements due to error or fraud, and in this case, has resulted in noncompliance with state law.

Strong internal controls dictate that funds collected at an animal shelter should have controls in place over them to ensure all receipts collected are accounted for, supported by receipt ticket and documentation for action on animals, and deposited daily. KRS 64.840 requires pre-numbered three-part receipt tickets to be issued to for all receipts. Per KRS 68.210, as described in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, all receipts should be deposited daily.

We recommend the Spencer County Fiscal Court implement strong controls over animal services receipts to include the following:

- Pre-numbered triplicate receipt tickets should be issued for all funds collected at the animal shelter.
- On a daily basis, funds collected at the animal shelter should be turned over to the county treasurer for deposit along with copies of the corresponding receipt tickets.
- Supporting documentation should be maintained by the animal services director for any action related to an animal at the shelter resulting in a fee collected (e.g. animal adoptions, release of animals, etc.).
- A tracking system should be implemented to document the number and status of animals at the shelter at any time, and reports from the tracking system should be reconciled periodically to the funds received at the animal shelter.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We acknowledge this weakness and have already begun implementation of adequate controls to correct and to be compliant with state law. The recent addition of a part time Administrative Assistant will be very helpful in correcting this and other weaknesses noted by the auditors.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Spencer County Fiscal Court Lacks Adequate Controls Over Parks Receipts And Is Not Compliant With State Law

The Spencer County Fiscal Court lacks adequate controls over parks receipts. The following weaknesses were noted:

- Receipt tickets were not consistently used to evidence funds collected for gate admissions or basketball registration fees.
- Funds collected for gate admissions and basketball registration fees were provided to the treasurer with no corresponding receipt tickets, so funds collected could not be verified.
- Funds collected for gate admissions and basketball registrations were not deposited daily.
- Supporting documentation is not maintained by parks staff for gate admission fees collected.

The Spencer County Fiscal Court has not implemented effective controls over gate admission fee and basketball registration fee receipts. When controls over receipts are not operating effectively, there is significant increased risk for a material misstatement in the financial statements due to error or fraud, and in this case, has resulted in noncompliance with state law.

Strong internal controls dictate that funds collected at parks should have controls in place over them to ensure all receipts collected are accounted for, supported by receipt ticket and documentation for gate admission fees or basketball registration fees, and deposited daily. KRS 64.840 requires pre-numbered three-part receipt tickets to be issued for all receipts. Per KRS 68.210, as described in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, all receipts should be deposited daily.

We recommend the Spencer County Fiscal Court implement strong controls over parks receipts to include the following:

- Pre-numbered triplicate receipt tickets should be issued for all funds collected for gate admission fees and basketball registration fees.
- On a daily basis, funds collected by parks employees should be turned over to the county treasurer for deposit along with copies of the corresponding receipt tickets.
- Supporting documentation should be maintained to support gate admission fees collected (e.g. ticket stubs, notation of number of attendees per event, etc.).

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We acknowledge this weakness and have already begun implementation of adequate controls to correct and to be compliant with state law. The recent addition of a part time Administrative Assistant will be very helpful in correcting this and other weaknesses noted by the auditors.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-003 The Spencer County Fiscal Court Does Not Conduct An Annual Inventory Count

The fiscal court did not conduct an annual inventory count or reconciliation of the inventories to the capital asset schedule to ensure accuracy.

The county has not implemented internal controls to ensure that an annual inventory count and reconciliation are conducted as required by the Department for Local Government (DLG).

Not implementing an annual inventory count could result in new assets not being added and retired assets not being removed from the capital asset listing or insurance policy, inaccurate descriptions on the capital asset listing, or material misstatement of the historical values of assets on the capital asset schedule in the financial statement. In addition, the fiscal court is not in compliance with KRS 68.210.

KRS 68.210 gives DLG the authority to prescribe a uniform system of accounts for local government to follow which is provided in DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*, which states the following in regards to inventory procedures: "[a]n annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained, and documented."

In order to strengthen controls over capital assets and infrastructure and ensure compliance with KRS 68.210, we recommend the fiscal court implement a policy to conduct an annual inventory count and require departments to submit completed inventory sheets to the county judge/executive's office. The submitted inventory should then be reconciled to the capital asset listing and the listing updated as needed.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We acknowledge this and have been developing a comprehensive inventory system of spreadsheets, department by department, to accurately account for all inventory. We will continue to do this. Our goal is to have an accurate annual inventory system of equipment and supplies for accounting as well as for insurance purposes.

2017-004 The Spencer County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts

The Spencer County Fiscal Court lacked adequate segregation of duties over receipts. The county's established controls were for the deputy judge/executive to receive all funds from off-site locations and from any walk-in customers. The county treasurer would pick up the mail and give it to the deputy judge/executive. The deputy judge/executive noted the amounts received on a receipts log in Excel each day and gave the county treasurer the checks received. The county treasurer recorded the receipts in the ledger and prepared the deposit ticket. Each day, the county treasurer printed a daily receipts ledger and provided it to the deputy judge/executive along with the deposit ticket. The deputy judge/executive would compare the receipts ledger amounts to the receipts log, and compared the receipt total to the deposit ticket. However, in review of the receipt files for fiscal year 2017, the auditor did not find evidence of the deputy judge/executive's review.

The Spencer County Fiscal Court has not included segregation of duties over receipts in their internal control procedures. They set up a compensating control procedure; however, it was not implemented effectively in fiscal year 2017.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-004 The Spencer County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts
(Continued)

When receipt functions are not adequately segregated and compensating controls are not operating effectively, there is significant increased risk for a material misstatement in the financial statement due to error or fraud.

Strong internal controls dictate that segregation of duties be used to decrease the risk of misstatements due to error or theft. They also protect employees in their day-to-day responsibilities.

We recommend the Spencer County Fiscal Court either segregate duties related to receipts or ensure compensating controls are implemented effectively and evidenced by signature or initial on supporting documentation. The compensating control review should evidence review that the receipts recorded in the ledger agree to the amounts on the excel receipts log or by verification of bank direct deposit.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: We acknowledge this weakness caused primarily by the inability of fiscal court to provide for adequate personnel needed for proper and adequate segregation of duties. However, we do now finally have a part-time Administrative Assistant which will make this weakness easier to address and correct.