

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

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



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
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**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable Cale Turner, Owsley County Judge/Executive  
Honorable Ronnie DeBord, Former Owsley County Judge/Executive  
Members of the Owsley County Fiscal Court

The enclosed report prepared by Teddy Michael Prater, CPA, PLLC, presents the fourth quarter report of Owsley County, Kentucky, for the year ended June 30, 2015.

We engaged Teddy Michael Prater, CPA, PLLC, to perform the audit of this fourth quarter report. We worked closely with the firm during our report review process; Teddy Michael Prater, CPA, PLLC, evaluated Owsley County, Kentucky's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature consisting of the letters "mhp" above a stylized letter "H".

Mike Harmon  
Auditor of Public Accounts

Enclosure

209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817

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## **EXECUTIVE SUMMARY**

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

**June 30, 2015**

Teddy Michael Prater CPA, PLLC was engaged to audit the financial activities of Owsley County Fiscal Court for the fiscal year ended June 30, 2015 and we have issued a disclaimer of opinion thereon.

Audit work performed indicated lack of internal controls, management override of internal controls, and improper receipt and disbursement recognition that had a material effect on the fourth quarter report. Based on this, we determined the risk for fraud to be too high and we were unable to apply other procedures to mitigate this fraud risk. The significance of these issues, in the aggregate, prevents us from placing any reliance on the financial activities contained in the fourth quarter report of Owsley County Fiscal Court and from expressing an opinion on the fourth quarter report of Owsley County Fiscal Court.

#### **Report Comments:**

- 2015-001 Poor Financial Management Practices For The First Half Of The Fiscal Year Have Resulted In A Disclaimed Opinion On The Fourth Quarter Report
- 2015-002 The County Does Not Have Adequate Internal Controls Over Cash, Receipts, Disbursements, Payroll, And Capital Assets
- 2015-003 The County Lacks Adequate Segregation Of Duties For Receipts And Payroll
- 2015-004 Management Disregarded Internal Controls Regarding Dual Signatures On Checks
- 2015-005 The County Did Not Record And Deposit Receipts Timely
- 2015-006 The County Did Not Follow Proper Procedures For Disbursements
- 2015-007 The County Incurred Penalties And Overdraft Fees
- 2015-008 The County Did Not Follow Proper Procedures For Payroll
- 2015-009 The County Did Not Calculate FICA And Medicare Withholdings Correctly Or File 941 Forms Timely
- 2015-010 The County Failed To Submit Timely, Complete, And Accurate Quarterly Reports To The Department For Local Government
- 2015-011 The County Did Not Maintain Proper Documentation Of Fiscal Court Minutes
- 2015-012 Improper Payments Totaling \$4,200 Were Made From The Road Fund
- 2015-013 The County Did Not Comply With Regulations For Local Government Economic Assistance Coal Producing Funds
- 2015-014 The County Did Not Maintain Capital Asset Schedules In Accordance With Regulatory Requirements

#### **Deposits:**

The fiscal court's deposits as of November 30, 2014, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured    \$311,918

The fiscal court's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.



<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1
OWSLEY COUNTY OFFICIALS.....	3
FOURTH QUARTER REPORT .....	7
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	25
COMMENTS AND RECOMMENDATIONS.....	29
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	



**TEDDY MICHAEL PRATER CPA, PLLC**  
**HC 62 Box 291**  
**Salyersville, KY 41465**  
**Telephone (606) 349-8042**

To the People of Kentucky

Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable Cale Turner, Owsley County Judge/Executive  
Honorable Ronnie DeBord, Former Owsley County Judge/Executive  
Members of the Owsley County Fiscal Court

**Independent Auditor's Report**

**Report on the Financial Statement**

We were engaged to audit the financial activity contained in the Fourth Quarter Report of the Owsley County Fiscal Court as of and for the year ended June 30, 2015.

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

Management is responsible for the preparation and fair presentation of the fourth quarter report 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 fourth quarter report in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the fourth quarter report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this fourth quarter report 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. Because of the matters 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**

Audit work performed indicated lack of internal controls, management override of internal controls, and improper receipt and disbursement recognition that had a material effect on the fourth quarter report. Based on this, we determined the risk for fraud to be too high and we were unable to apply other procedures to mitigate this fraud risk. The significance of these issues, in the aggregate, prevents us from placing any reliance on the financial activities contained in the Fourth Quarter Report of the Owsley County Fiscal Court.

To the People of Kentucky

Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

Honorable Cale Turner, Owsley County Judge/Executive

Honorable Ronnie DeBord, Former Owsley County Judge/Executive

Members of the Owsley County Fiscal Court

### **Disclaimer of Opinion**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016 on our consideration of the Owsley 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 Owsley County Fiscal Court's internal control over financial reporting and compliance.

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

- 2015-001 Poor Financial Management Practices For The First Half Of The Fiscal Year Have Resulted In A Disclaimed Opinion On The Fourth Quarter Report
- 2015-002 The County Does Not Have Adequate Internal Controls Over Cash, Receipts, Disbursements, Payroll, And Capital Assets
- 2015-003 The County Lacks Adequate Segregation Of Duties For Receipts And Payroll
- 2015-004 Management Disregarded Internal Controls Regarding Dual Signatures On Checks
- 2015-005 The County Did Not Record And Deposit Receipts Timely
- 2015-006 The County Did Not Follow Proper Procedures For Disbursements
- 2015-007 The County Incurred Penalties And Overdraft Fees
- 2015-008 The County Did Not Follow Proper Procedures For Payroll
- 2015-009 The County Did Not Calculate FICA And Medicare Withholdings Correctly Or File 941 Forms Timely
- 2015-010 The County Failed To Submit Timely, Complete, And Accurate Quarterly Reports To The Department For Local Government
- 2015-011 The County Did Not Maintain Proper Documentation Of Fiscal Court Minutes
- 2015-012 Improper Payments Totaling \$4,200 Were Made From The Road Fund
- 2015-013 The County Did Not Comply With Regulations For Local Government Economic Assistance Coal Producing Funds
- 2015-014 The County Did Not Maintain Capital Asset Schedules In Accordance With Regulatory Requirements

Respectfully submitted,

Teddy Michael Prater CPA, PLLC

March 15, 2016

OWSLEY COUNTY OFFICIALS

For The Year Ended June 30, 2015

**Fiscal Court Members:**

Cale Turner	County Judge/Executive
Zeke Little, Jr.	Magistrate
Mike Thomas	Magistrate
Tim Bishop	Magistrate

**Other Elected Officials:**

Henley McIntosh	County Attorney
Robert Cope	Jailer
Shanna Oliver	County Clerk
Mike Mayes	Circuit Court Clerk
Kelly Shouse	Sheriff
Sandra King	Property Valuation Administrator
Donald Morgan	Coroner

**Appointed Personnel:**

Mildred Hudson	County Treasurer
Tammy Combs	Former County Treasurer
Cody Lewis	Finance Officer

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**OWSLEY COUNTY  
FOURTH QUARTER REPORT**

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



**OWSLEY COUNTY  
FOURTH QUARTER REPORT**

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

Print out this worksheet, obtain signatures and fax to:

State Local Finance Officer  
Department for Local Government  
Fax: (502) 573-3712

Owsley County  
4th Quarter 2015

*Please file this signed form with the electronic version of the Quarterly Financial Statement.*

For questions about these spreadsheets call:

Division of Financial Services  
Counties Branch  
Phone: (502) 573-3710

To the best of my knowledge, the information contained herein is accurate and complete.

  
\_\_\_\_\_  
*Cab Turner*  
County Judge/Executive

\_\_\_\_\_  
*Mildred Hudson*  
County Treasurer

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Summary File Text**

OWSLEY COUNTY

County	FY	Year	FType	Fund	Fund Description	Total Receipts	Total Disburse.	Cash Balance	Encumbrances	Unencumbered
095	2015	4Q		01	GENERAL FUND	902,924.96	862,605.72	40,319.24	0.00	40,319.24
095	2015	4Q		02	ROAD FUND	2,215,837.92	1,992,362.81	223,475.11	0.00	223,475.11
095	2015	4Q		03	JAIL FUND	236,995.96	230,005.78	6,990.18	0.00	6,990.18
095	2015	4Q		04	Local Government Economic Assistance Fund	101,490.59	91,192.76	10,297.83	0.00	10,297.83
095	2015	4Q		07	CDBG Federal Grants Fund	0.00	0.00	0.00	0.00	0.00
095	2015	4Q		13	Solid Waste Fund	241,809.55	240,892.57	916.98	0.00	916.98
095	2015	4Q		14	Parks and Recreation Fund	5,100.87	3,280.96	1,819.91	0.00	1,819.91
095	2015	4Q		31	Local Government Economic Development Fund	265,409.71	175,159.51	110,250.20	0.00	110,250.20
095	2015	4Q		97	Capital Improvements Fund	0.00	0.00	0.00	0.00	0.00
						<b>3,989,569.56</b>	<b>3,595,500.11</b>	<b>394,069.45</b>	<b>0.00</b>	<b>394,069.45</b>

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Receipts File Text**  
**OWSLEY COUNTY**

County F	Year F	Type Fund	Major Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD	
095	2015	4Q	01	4101	REAL PROPERTY	106,000.00	0.00	101,394.89	4,605.11	6,932.75
095	2015	4Q	01	4102	PERSONAL PROPERTY	1,800.00	0.00	237.07	1,562.93	4.53
095	2015	4Q	01	4103	MOTOR VEHICLE	21,000.00	0.00	24,199.26	-3,199.26	10,140.27
095	2015	4Q	01	4104	DELINQUENT PROPERTY	4,300.00	0.00	5,123.19	-823.19	0.00
095	2015	4Q	01	4106	TANGIBLE PERSONAL PROPERTY	4,000.00	0.00	0.00	4,000.00	0.00
095	2015	4Q	01	4107	UNMINED MINERAL TAX	0.00	0.00	919.71	-919.71	919.71
095	2015	4Q	01	4112	FIRE PROTECTION	2,100.00	0.00	0.00	2,100.00	0.00
095	2015	4Q	01	4130	BANK FRANCHISE	8,000.00	47,955.42	55,955.42	0.00	0.00
095	2015	4Q	01	4135	DEED TRANSFER	3,000.00	0.00	1,879.69	1,120.31	0.00
095	2015	4Q	01	4137	INSURANCE LICENSE	195,652.00	0.00	243,939.96	-48,287.96	48,292.29
095	2015	4Q	01	4140	TELEPHONE 911 FEE	21,000.00	0.00	15,129.55	5,870.45	4,502.58
095	2015	4Q	01	4204	PILT	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	4302	COUNTY CLERK EXCESS FEES	0.00	51,000.00	51,000.00	0.00	0.00
095	2015	4Q	01	4304	COUNTY SHERIFF EXCESS FEES	0.00	13,540.33	13,615.03	-74.70	13,540.33
095	2015	4Q	01	4402	ALCOHOLIC BEV LIC FEES	0.00	0.00	400.00	-400.00	400.00
095	2015	4Q	01	4501	OMITTED PROPERTY	4,000.00	0.00	385.04	3,614.96	0.00
095	2015	4Q	01	4504	FEDERAL GRANTS	28,000.00	0.00	28,044.28	-44.28	0.00
095	2015	4Q	01	4510	STATE GRANTS	0.00	0.00	4,000.00	-4,000.00	4,000.00
095	2015	4Q	01	4512	HOMELAND SECURITY	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	4517	DRIVERS LICENSE REFUND	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	4520	ELECTION EXPENSE	3,104.00	0.00	3,184.00	-80.00	0.00
095	2015	4Q	01	4532	COURTHOUSE RENTAL	80,000.00	0.00	24,293.76	55,706.24	6,615.35
095	2015	4Q	01	4539	POLICE INCENTATIVE	10,800.00	0.00	6,540.80	4,259.20	1,677.28
095	2015	4Q	01	4541	DEM	2,400.00	0.00	0.00	2,400.00	0.00
095	2015	4Q	01	4561	FISCAL COURT FILLING FEES	500.00	0.00	4,026.25	-3,526.25	0.00
095	2015	4Q	01	4602	SOLID WASTE	100,000.00	0.00	16,368.16	83,631.84	0.00
095	2015	4Q	01	4727	REIMBURSEMENT	42,442.00	0.00	44,612.71	-2,170.71	7,796.83

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Page 1 of 5

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Receipts File Text</b>												
				OWSLEY COUNTY								
County	FY	Year	FType	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
095	2015	4Q	01	4727	CLERK SALARY REIMBURSMENT			66,486.67	0.00	124,231.76	-57,745.09	28,093.63
095	2015	4Q	01	4728	DONATIONS			1,000.00	0.00	0.00	1,000.00	0.00
095	2015	4Q	01	4731	MISC REVENUE			1,500.00	0.00	18,417.31	-16,917.31	2,707.38
095	2015	4Q	01	4801	INTEREST			900.00	0.00	59.43	840.57	19.95
095	2015	4Q	01	4802	INTEREST ON CD			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	4901	PRIOR YEAR CARRYOVER			45,000.00	0.00	18,452.02	26,547.98	0.00
095	2015	4Q	01	4903	ADJUSTMENT TO PRIOR YEAR SURPLUS			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	4909	TRANSFERS OUT			-95,064.80	0.00	-124,409.00	29,344.20	-64,409.00
095	2015	4Q	01	4910	TRANSFERS IN			199,000.00	0.00	215,176.18	-16,176.18	17,984.00
095	2015	4Q	01	4911	BORROWED MONEY			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4107	UNMINNED MINERAL			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4205	NATIONAL FOREST			45,352.75	0.00	38,496.54	6,856.21	34,195.19
095	2015	4Q	02	4506	REIMBURSEMENT FROM TRANSPORATIK			110,000.00	300,199.00	410,199.00	0.00	0.00
095	2015	4Q	02	4507	EWP- FEDERAL FLOOD CONTROL			85,000.00	0.00	100,290.00	-15,290.00	0.00
095	2015	4Q	02	4510	STATE GRANT			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4513	EMERGENCY COUNTY ROAD AID			24,969.67	0.00	49,000.00	-24,030.33	0.00
095	2015	4Q	02	4514	TRANSPORTATION CABINET			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4516	TRUCK LICENSE			204,285.00	0.00	197,273.32	7,011.68	0.00
095	2015	4Q	02	4517	DRIVERS LICENSE REFUND			500.00	0.00	479.17	20.83	0.00
095	2015	4Q	02	4518	COUNTY ROAD AID			781,062.70	0.00	798,357.47	-17,294.77	29,477.47
095	2015	4Q	02	4542	FEMA			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4704	SURPLUS SALE			0.00	0.00	0.00	0.00	0.00
095	2015	4Q	02	4706	ROAD MATERIAL SALE			40,000.00	0.00	39,021.56	978.44	16,234.07
095	2015	4Q	02	4727	REIMBURSEMENT			8,000.00	0.00	14,098.65	-6,098.65	0.00
095	2015	4Q	02	4731	MISC REVENUE			0.00	0.00	25,400.49	-25,400.49	22,790.72
095	2015	4Q	02	4801	INTEREST			650.00	0.00	260.47	389.53	33.53
095	2015	4Q	02	4802	INTEREST ROAD C.D.			0.00	0.00	0.00	0.00	0.00

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Receipts File Text</b>						
<b>OWSLEY COUNTY</b>						
<b>County</b>	<b>FYear</b>	<b>FType</b>	<b>Fund Major Sfx</b>	<b>Description</b>	<b>Original Budget</b>	<b>Amendments</b>
095	2015	4Q	02	4901	PRIOR YEAR CARRYOVER	290,228.35
095	2015	4Q	02	4903	ADJUSTMENT TO PRIOR YEAR SURPLUS	0.00
095	2015	4Q	02	4909	TRANSFERS OUT	-204,285.00
095	2015	4Q	02	4910	TRANSFERS IN	57,147.63
095	2015	4Q	02	4911	BORROWED MONEY	0.00
095	2015	4Q	03	4533	JAIL ALLOTMENT	50,000.00
095	2015	4Q	03	4534	JAIL MEDICAL	3,000.00
095	2015	4Q	03	4535	COURT COST	3,000.00
095	2015	4Q	03	4538	DUI FEE	400.00
095	2015	4Q	03	4634	JAIL FEE REIMBURSEMENT	400.00
095	2015	4Q	03	4731	MISC REVENUE	0.00
095	2015	4Q	03	4801	INTEREST	50.00
095	2015	4Q	03	4901	PRIOR YEAR CARRYOVER	6,000.00
095	2015	4Q	03	4903	ADJUSTMENT TO PRIOR YEAR SURPLUS	0.00
095	2015	4Q	03	4909	TRANSFER OUT	0.00
095	2015	4Q	03	4910	TRANSFERS IN	169,111.00
095	2015	4Q	04	4107	UNMINED MINERALS	2,800.00
095	2015	4Q	04	4504	FEDERAL GRANT	0.00
095	2015	4Q	04	4508	LGED GRANT	0.00
095	2015	4Q	04	4527	LGEA COAL PRODUCTION	165,800.39
095	2015	4Q	04	4529	LGEA MINERAL TAX	8,000.00
095	2015	4Q	04	4542	DES REIMBURSEMENT	10,000.00
095	2015	4Q	04	4731	MISC REVENUE	0.00
095	2015	4Q	04	4801	INTEREST	100.00
095	2015	4Q	04	4802	INTEREST ON CD	0.00
095	2015	4Q	04	4901	PRIOR YEAR CARRYOVER	17,800.00
095	2015	4Q	04	4903	ADJUSTMENT TO PRIOR YEAR SURPLUS	0.00

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Page 3 of 5

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Receipts File Text</b>													
<b>OWSLEY COUNTY</b>													
County	FY	Year	FT	Type	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
095	2015	4Q	04	4909	TRANSFER OUT				-70,618.63	0.00	-86,000.00	15,381.37	-36,000.00
095	2015	4Q	04	4910	TRANSFER IN				0.00	0.00	15,209.00	-15,209.00	15,209.00
095	2015	4Q	07	4504	FEDERAL GRANT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	07	4901	PRIOR YEAR SURPLUS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	13	4113	SOLID WASTE COLLECTIONS				280,000.00	0.00	231,891.99	48,108.01	51,518.20
095	2015	4Q	13	4504	USDA GRANT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	13	4510	STATE GRANTS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	13	4713	RECYCLING				10,000.00	0.00	0.00	10,000.00	0.00
095	2015	4Q	13	4728	DONATIONS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	13	4731	MISC REVENUE				2,400.00	0.00	1,525.63	874.37	510.26
095	2015	4Q	13	4801	INTEREST				200.00	0.00	196.13	3.87	52.19
095	2015	4Q	13	4802	INTEREST ON CD				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	13	4901	PRIOR YEAR SURPLUS				47,000.00	0.00	11,695.80	35,304.20	0.00
095	2015	4Q	13	4909	TRANSFERS OUT				-85,000.00	0.00	-3,500.00	-81,500.00	0.00
095	2015	4Q	13	4910	TRANSFERS IN				133,209.80	0.00	0.00	133,209.80	0.00
095	2015	4Q	14	4504	FEDERAL GRANT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	14	4508	LGED GRANT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	14	4711	RENTAL LEASES				10,800.00	0.00	0.00	10,800.00	0.00
095	2015	4Q	14	4728	DONATIONS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	14	4731	MISC. REVENUE				5,000.00	0.00	273.14	4,726.86	0.00
095	2015	4Q	14	4801	INTEREST				100.00	0.00	0.88	99.12	0.24
095	2015	4Q	14	4901	PRIOR YEAR SURPLUS				4,000.00	0.00	1,326.85	2,673.15	0.00
095	2015	4Q	14	4909	CASH TRANSFERS OUT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	14	4910	TRANSFERS IN				480,500.00	0.00	3,500.00	477,000.00	0.00
095	2015	4Q	14	4911	BORROWED MONEY				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	4508	LGEA GRANT FUND				197,000.00	0.00	258,001.71	-61,001.71	0.00
095	2015	4Q	31	4508	DES SUPPLIES GRANT				10,000.00	0.00	0.00	10,000.00	0.00

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Receipts File Text</b> <b>OWSLEY COUNTY</b>													
County	FY	Year	F	Type	Fund	Major	Six	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
095	2015	4Q	31	4508	MACHINERY EQUIPMENT GRANT				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	4508	HEALTH DEPARTMENT				100,000.00	0.00	0.00	100,000.00	0.00
095	2015	4Q	31	4508	HEALTH DEPT PROPERTY GRANT				350,000.00	0.00	0.00	350,000.00	0.00
095	2015	4Q	31	4508	FIRE DEPT GRANT				30,000.00	0.00	10,000.00	20,000.00	0.00
095	2015	4Q	31	4801	INTEREST EARNED				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	4901	PRIOR YEAR SURPLUS				1,081.98	0.00	17,408.00	-16,326.02	0.00
095	2015	4Q	31	4909	TRANSFER OUT				-198,000.00	0.00	0.00	-198,000.00	0.00
095	2015	4Q	31	4910	TRANSFERS IN				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	4504	FEDERAL GRANT				386,000.00	0.00	0.00	386,000.00	0.00
095	2015	4Q	97	4801	INTEREST				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	4901	PRIOR YEAR SURPLUS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	4903	ADJUST PRIOR YEAR SURPLUS				0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	4909	TRANSFERS OUT				-386,000.00	0.00	0.00	-386,000.00	0.00
									4,043,965.51	858,781.58	3,983,821.07	918,926.02	335,276.50

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Disbursements File Text**  
**OWSLEY COUNTY**

County	FY	Year	FType	Fund	Major	Minor	Sfx	Description	Orig.	Budget	Amendments	Transfers	Tot.	Avail.	Claims Paid	Free Bal.
095	2015	4Q	01	5001	101			COUNTY JUDGE EXECUTIVE	70,397.65	0.00	466.39	70,864.04	70,864.04	0.00		
095	2015	4Q	01	5001	104			FINANCE OFFICER	20,384.00	0.00	4,636.08	25,020.08	25,020.08	0.00		
095	2015	4Q	01	5001	445			OFFICE SUPPLIES	7,000.00	0.00	-466.39	6,533.61	6,411.89	121.72		
095	2015	4Q	01	5001	565			JUDGE OFFICE PRINTING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	01	5001	573			TELEPHONE	8,000.00	0.00	2,800.00	10,800.00	9,261.81	1,538.19		
095	2015	4Q	01	5005	101			COUNTY ATTORNEY	13,728.00	0.00	0.00	13,728.00	13,728.00	0.00		
095	2015	4Q	01	5005	165			COUNTY ATTORNEY SECRETARY	16,086.00	0.00	0.00	16,086.00	12,928.00	3,158.00		
095	2015	4Q	01	5005	445			COUNTY ATTORNEY OFFICE SUPPLIES	500.00	0.00	-136.08	363.92	0.00	363.92		
095	2015	4Q	01	5010	101			COUNTY COURT CLERK	66,486.67	0.00	1,236.77	67,723.44	67,723.44	0.00		
095	2015	4Q	01	5010	103			COUNTY COURT CLERK DEPUTIES	20,384.00	0.00	19,785.61	40,169.61	40,169.61	0.00		
095	2015	4Q	01	5010	349			COUNTY COURT CLERK BINDINGS & BOX	3,000.00	0.00	1,784.00	4,784.00	4,784.00	0.00		
095	2015	4Q	01	5010	540			COUNTY COURT CLERK INDEXING	800.00	0.00	0.00	800.00	0.00	800.00		
095	2015	4Q	01	5010	567			REFUND OF CLERK EXCESS FEES	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	01	5015	101			SHERIFF	70,397.65	0.00	266.38	70,664.03	70,664.03	0.00		
095	2015	4Q	01	5015	103			COUNTY ROAD PATROL	49,000.00	0.00	5,000.00	54,000.00	53,995.24	4.76		
095	2015	4Q	01	5015	106			SHERIFF CLERK	20,384.00	0.00	2,600.00	22,984.00	22,935.02	48.98		
095	2015	4Q	01	5015	429			SHERIF EXPENSE	4,200.00	0.00	8,500.00	12,700.00	12,233.08	466.92		
095	2015	4Q	01	5025	565			PRINTING	10,500.00	0.00	0.00	10,500.00	10,445.82	54.18		
095	2015	4Q	01	5030	367			PVA STATUTORY SUPPORT	4,497.00	0.00	-784.00	3,713.00	3,436.23	276.77		
095	2015	4Q	01	5035	191			BOARD OF ASSES. APPEALS PER DIEM	1,200.00	0.00	-920.61	279.39	0.00	279.39		
095	2015	4Q	01	5040	102			COUNTY TREASURER	24,664.00	0.00	0.00	24,664.00	23,937.00	727.00		
095	2015	4Q	01	5040	319			ACCUFUND SOFTWARE	5,500.00	0.00	3,042.50	8,542.50	8,542.50	0.00		
095	2015	4Q	01	5060	102			LAW LIBRARIAN	1,061.00	0.00	0.00	1,061.00	1,060.80	0.20		
095	2015	4Q	01	5065	192			ELECTION OFFICERS PER DIEM	5,100.00	0.00	-1,236.77	3,863.23	0.00	3,863.23		
095	2015	4Q	01	5065	193			ELECTION COMMISSIONERS PER DIEM	975.00	0.00	0.00	975.00	0.00	975.00		
095	2015	4Q	01	5065	347			POLLING PLACE RENT	1,100.00	0.00	0.00	1,100.00	475.00	625.00		
095	2015	4Q	01	5065	365			ELECTION PRINTING & ADVERTISING	17,000.00	0.00	19,633.62	36,633.62	29,678.30	6,955.32		
095	2015	4Q	01	5080	175			CUSTODIAN	20,384.00	0.00	4,500.00	24,884.00	24,424.83	459.17		
095	2015	4Q	01	5080	571			COURTHOUSE RENEWAL & REPAIRES	30,000.00	0.00	-4,500.00	25,500.00	15,594.20	9,905.80		
095	2015	4Q	01	5080	578			COURTHOUSE UTILITIES	37,000.00	0.00	0.00	37,000.00	33,801.59	3,198.41		
095	2015	4Q	01	5080	582			COURTHOUSE ELECTRIC	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	01	5136	446			HOMELAND SECURITY EXPENDITURE	0.00	0.00	0.00	0.00	0.00	0.00		

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Page 1 of 6

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Disbursements File Text**  
**OWSLEY COUNTY**

County	FY	Year	FType	Fund	Major	Minor	Sfx	Description	Orig.	Budget	Amendments	Transfers	Tot.	Avail.	Claims Paid	Free Bal.
095	2015	4Q	01	5140	602			AMBULANCE	10,169.49	0.00	0.00	10,169.49	6,952.00	3,217.49		
095	2015	4Q	01	5145	107			911 COORDINATOR	8,944.00	0.00	0.00	8,944.00	6,972.00	1,972.00		
095	2015	4Q	01	5150	902			FIRE PROTECTION	2,100.00	0.00	1,500.00	3,600.00	3,474.66	125.34		
095	2015	4Q	01	5212	102			SOLID WASTE COORDINATOR SALARY	15,100.00	0.00	700.00	15,800.00	15,703.92	96.08		
095	2015	4Q	01	5212	179			SOLID WASTE CLEANUP PERSONEL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	5212	468			SOLID WASTE EXPENSE	72,900.00	0.00	-55,065.00	17,835.00	8,864.21	8,970.79		
095	2015	4Q	01	5340	348			KY ASAP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	7500	603			NOTES-PRINCIPAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	7500	607			NOTES-INTEREST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	7700	602			VOTING MACHINES	100.00	0.00	0.00	100.00	0.00	100.00		
095	2015	4Q	01	9100				DUE TO DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	9100	307			AUDITS	30,000.00	0.00	56,000.00	86,000.00	85,441.39	558.61		
095	2015	4Q	01	9100	521			INSURANCE	25,000.00	0.00	-3,000.00	22,000.00	19,040.68	2,959.32		
095	2015	4Q	01	9100	531			OFFICIALS BONDS	2,100.00	0.00	3,541.72	5,641.72	5,393.52	248.20		
095	2015	4Q	01	9100	548			SPECIAL PROJECTS	3,000.00	0.00	2,210.00	5,210.00	4,858.74	351.26		
095	2015	4Q	01	9100	553			KRADD	3,655.00	0.00	0.00	3,655.00	3,599.00	56.00		
095	2015	4Q	01	9100	555			KACO	3,600.00	0.00	0.00	3,600.00	1,629.90	1,970.10		
095	2015	4Q	01	9100	599			MISC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	01	9200	999			RESERVE FOR TRANSFER	9,382.41	112,495.75	-100,094.22	21,783.94	0.00	21,783.94		
095	2015	4Q	01	9400	201			EMPLOYERS SHARE SOCIAL SECURITY	29,500.00	0.00	4,500.00	34,100.00	33,912.71	187.29		
095	2015	4Q	01	9400	202			EMPLOYER SHARE RETIREMENT	70,000.00	0.00	16,500.00	86,600.00	86,496.49	103.51		
095	2015	4Q	01	9400	208			UNEMPLOYMENT INSURANCE	6,000.00	0.00	3,000.00	9,000.00	7,002.43	1,997.57		
095	2015	4Q	01	9400	209			WORKERS COMP	27,000.00	0.00	-3,000.00	24,000.00	0.00	24,000.00		
095	2015	4Q	01	9400	212			TRAINING FRINGE BENEFITS	7,640.00	0.00	0.00	7,640.00	4,623.00	3,017.00		
095	2015	4Q	01	9500	507			CENTERNET DONATION	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00		
095	2015	4Q	01	9500	902			PAYMENTS FOR GOVERNMENT AGENCIES	0.00	0.00	6,800.00	6,800.00	6,526.56	273.44		
095	2015	4Q	02	5000				ADJUSTMENT FOR BALANCING 2014 CAF	0.00	0.00	0.00	0.00	40,338.35	-40,338.35		
095	2015	4Q	02	5015	577			SHERIFF TRAVEL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	02	5025	100			MAGISTRATE SALARY AND EXPENSES	34,996.00	0.00	0.00	34,996.00	34,344.44	651.56		
095	2015	4Q	02	6103	102			ROAD SUPERVISOR	31,262.40	0.00	12,500.00	43,762.40	43,372.27	390.13		
095	2015	4Q	02	6105	143			ROAD WORKERS	206,128.00	0.00	0.00	206,128.00	165,931.79	40,196.21		
095	2015	4Q	02	6105	336			MAINTENANCE & REPAIRS	70,000.00	0.00	64,000.00	134,000.00	133,378.42	621.58		

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Disbursements File Text</b>														
<b>OWSLEY COUNTY</b>														
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig.	Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
095	2015	4Q	02	6105	373		CONTRACTED CONSTRUCTION	91,010.00	0.00	-51,800.00	39,210.00	2,584.62	36,625.38	
095	2015	4Q	02	6105	405		ASPHALT	160,000.00	720,908.03	0.00	880,908.08	858,746.21	22,161.87	
095	2015	4Q	02	6105	441		ROAD EQUIPMENT	45,000.00	0.00	0.00	45,000.00	21,260.00	23,740.00	
095	2015	4Q	02	6105	447		ROAD MATERIALS	310,000.00	0.00	75,000.00	385,000.00	382,602.87	2,397.13	
095	2015	4Q	02	6105	504		CEMETERY MAINTENANCE	11,024.00	0.00	0.00	11,024.00	5,998.39	5,027.61	
095	2015	4Q	02	6105	713		HIGHWAY EQUIPMENT	60,000.00	0.00	-50,000.00	10,000.00	158.98	9,841.02	
095	2015	4Q	02	6105	731		RIGHT OF WAY	100.00	0.00	0.00	100.00	0.00	100.00	
095	2015	4Q	02	6107	447		EMERGENCY ROAD AID	24,696.61	0.00	0.00	24,696.61	14,350.00	10,346.61	
095	2015	4Q	02	7500	603		NOTES PRINCIPAL	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	02	7500	607		NOTES INTEREST	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	02	8003	312		BRIDGES	90,000.00	0.00	-77,750.00	12,250.00	5,882.02	6,367.98	
095	2015	4Q	02	9100	512		INSURANCE	60,000.00	0.00	77,750.00	137,750.00	137,742.00	8.00	
095	2015	4Q	02	9100	521		INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	
095	2015	4Q	02	9100	574		TRAINING EXPENSE	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	
095	2015	4Q	02	9100	599		MISC	1,000.00	0.00	7,300.00	8,300.00	8,262.54	37.46	
095	2015	4Q	02	9100	902		NATIONAL FOREST REVENUE TO SCHOC	24,000.00	0.00	0.00	24,000.00	19,248.28	4,751.72	
095	2015	4Q	02	9200	999		RESERVE FOR TRANSFER	69,094.09	0.00	-57,000.00	12,094.09	0.00	12,094.09	
095	2015	4Q	02	9400	201		EMPLOYER'S SHARE SOCIAL SECURITY	33,850.00	0.00	0.00	33,850.00	18,615.14	15,234.86	
095	2015	4Q	02	9400	202		EMPLOYER SHARE RETIREMENT	80,350.00	0.00	-22,200.00	58,150.00	53,458.36	4,691.64	
095	2015	4Q	02	9400	208		UNEMPLOYMENT	23,400.00	0.00	0.00	23,400.00	10,986.04	12,413.96	
095	2015	4Q	02	9400	209		WORKERS COMPENSATION	13,000.00	0.00	22,200.00	35,200.00	35,104.09	95.91	
095	2015	4Q	03	5101	101		JAILED	23,000.00	0.00	0.00	23,000.00	22,730.96	269.04	
095	2015	4Q	03	5101	103		DEPUTY JAILED	3,600.00	0.00	0.00	3,600.00	3,326.56	273.44	
095	2015	4Q	03	5101	314		CONTRACTED PRISIONER HOUSING	165,000.00	0.00	-520.00	164,480.00	160,296.00	4,184.00	
095	2015	4Q	03	5101	399		PRISIONER TRANSPORT	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	
095	2015	4Q	03	5101	549		INMATE MEDICAL	20,000.00	0.00	3,600.00	23,600.00	23,424.77	175.23	
095	2015	4Q	03	5101	573		TELEPHONE	1,400.00	0.00	200.00	1,600.00	1,589.35	10.65	
095	2015	4Q	03	5101	576		TRAVEL	1,000.00	0.00	0.00	1,000.00	592.98	407.02	
095	2015	4Q	03	5102	314		CONTRACTED JUVENILE HOUSING	1,500.00	0.00	2,000.00	3,500.00	3,253.00	247.00	
095	2015	4Q	03	9100	599		MISC	1,000.00	0.00	2,000.00	3,000.00	1,796.50	1,203.50	
095	2015	4Q	03	9200	999		RESERVE FOR TRANSFER	1,920.00	25,377.75	-10,400.00	16,897.75	0.00	16,897.75	
095	2015	4Q	03	9400	201		EMPLOYER'S SHARE SOCIAL SECURITY	2,400.00	0.00	0.00	2,400.00	2,215.99	184.01	

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Disbursements File Text**

OWSLEY COUNTY

County	FYYear	FType	Fund	Major	Minor	Sfx	Description	Orig.	Budget	Amendments	Transfers	Tot.	Avail.	Claims Paid	Free Bal.
095	2015	4Q	03	9400	202		EMPLOYER SHARE RETIREMENT	6,300.00	0.00	700.00	7,000.00	6,838.67	161.33		
095	2015	4Q	03	9400	212		TRAINING FRINGE BENEFITS	2,841.00	0.00	2,420.00	5,261.00	3,941.00	1,320.00		
095	2015	4Q	04	5000			ADJUSTMENT FOR BALANCING 2014 CAF	0.00	0.00	0.00	0.00	40.69	-40.69		
095	2015	4Q	04	5020	101		CORONER	5,184.00	0.00	0.00	5,184.00	4,992.00	192.00		
095	2015	4Q	04	5020	103		DEPUTY CORONER	2,496.00	0.00	0.00	2,496.00	2,496.00	0.00		
095	2015	4Q	04	5101	573		JAILER OFFICE PHONES	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	04	5130	429		FIRE DEPARTMENTS	10,800.00	0.00	400.00	11,200.00	11,075.00	125.00		
095	2015	4Q	04	5130	446		RESCUE SERVICE SUPPLIES	1,500.00	0.00	0.00	1,500.00	94.00	1,406.00		
095	2015	4Q	04	5135	107		DES DIRECTOR	8,781.76	0.00	800.00	9,581.76	9,390.84	190.92		
095	2015	4Q	04	5135	420		CERT	6,000.00	0.00	0.00	6,000.00	450.00	5,550.00		
095	2015	4Q	04	5135	445		DES SUPPLIES	12,000.00	0.00	-1,725.00	10,275.00	107.05	10,167.95		
095	2015	4Q	04	5135	573		DES PHONES	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	04	5135	576		TRAVEL	2,800.00	0.00	0.00	2,800.00	1,366.09	1,433.91		
095	2015	4Q	04	5135	578		UTILITIES	8,900.00	0.00	25.00	8,925.00	8,908.07	16.93		
095	2015	4Q	04	5135	739		EQUIPMENT	500.00	0.00	500.00	1,000.00	847.61	152.39		
095	2015	4Q	04	5175	179		TEMP. PART TIME PERSONNEL	18,720.00	0.00	8,500.00	27,220.00	27,206.40	13.60		
095	2015	4Q	04	5175	903		PUBLIC ADVOCATE	4,200.00	0.00	0.00	4,200.00	1,791.00	2,409.00		
095	2015	4Q	04	5205	102		DOG WARDEN	7,800.00	0.00	0.00	7,800.00	2,650.00	5,150.00		
095	2015	4Q	04	5305	507		SENIOR CITIZEN CONTRIBUTION	5,400.00	0.00	4,000.00	9,400.00	8,952.50	447.50		
095	2015	4Q	04	5401	305		ARCHITECT SERVICES FOR PARK	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	04	9100	302		LGEA ADVERTISING	4,000.00	0.00	0.00	4,000.00	600.00	3,400.00		
095	2015	4Q	04	9100	599		MISC.	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	04	9200	999		RESERVE FOR TRANSFER	20,000.00	0.00	-12,500.00	7,500.00	0.00	7,500.00		
095	2015	4Q	04	9400	201		EMPLOYER SHARE SOCIAL SECURITY	4,900.00	0.00	0.00	4,900.00	3,303.56	1,596.44		
095	2015	4Q	04	9400	202		EMPLOYER SHARE RETIREMENT	9,900.00	0.00	0.00	9,900.00	6,921.95	2,978.05		
095	2015	4Q	07	8000	501		ADD PAYMENTS	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	07	8000	599		MISC.	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	07	8000	709		FIXTURES	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	07	8000	742		BUILDING & CONSTRUCTION	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	07	8000	999		RESERVE FOR TRANSFER	0.00	0.00	0.00	0.00	0.00	0.00		
095	2015	4Q	13	5000			ADJUSTMENT FOR BALANCING 2014 CAF	0.00	0.00	0.00	0.00	1,300.26	-1,300.26		
095	2015	4Q	13	5211	366		TIPPING FEES	51,000.00	0.00	0.00	51,000.00	45,586.58	5,413.42		

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Disbursements File Text**

**OWSLEY COUNTY**

County	FYear	FType	Fund	Major	Minor	Six	Description	Orig.	Budget	Amendments	Transfers	Tot.	Avail.	Claims Paid	Free Bal.
095	2015	4Q	13	5211	431		REPAIRS	10,000.00	0.00	0.00	10,000.00	7,482.37		2,517.63	
095	2015	4Q	13	5212	441		SOLID WASTE EQUIPMENT LGEDF	100,000.00	0.00	0.00	100,000.00	0.00		100,000.00	
095	2015	4Q	13	5212	499		SOLID WASTE OTHER SUPPLIES/MATER	0.00	0.00	0.00	0.00	0.00		0.00	
095	2015	4Q	13	5215	149		SALARIES	71,400.00	0.00	15,000.00	86,400.00	82,921.50		3,478.50	
095	2015	4Q	13	5215	441		MACHINERY & EQUIPMENT	15,000.00	0.00	-10,000.00	5,000.00	0.00		5,000.00	
095	2015	4Q	13	5215	445		SOLID WASTE OFFICE SUPPLIES & BILLI	4,000.00	0.00	3,600.00	7,600.00	7,518.15		81.85	
095	2015	4Q	13	5215	499		MATERIALS	1,000.00	0.00	-300.00	700.00	0.00		700.00	
095	2015	4Q	13	5215	606		SOLID WASTE INTEREST ON LEASES	0.00	0.00	0.00	0.00	0.00		0.00	
095	2015	4Q	13	6100	415		FUEL	30,000.00	0.03	-3,020.00	26,980.00	6,694.96		20,285.04	
095	2015	4Q	13	7500	602		PRINCIPAL ON LEASE	14,000.00	0.03	38,500.00	52,500.00	52,481.20		18.80	
095	2015	4Q	13	7500	606		INTEREST ON LEASE	3,851.52	0.03	1,500.00	5,351.52	4,978.15		373.37	
095	2015	4Q	13	9000	503		BANK CHARGES	0.00	0.03	20.00	20.00	5.50		14.50	
095	2015	4Q	13	9100	521		INSURANCE	31,000.00	0.03	-15,000.00	16,000.00	0.00		16,000.00	
095	2015	4Q	13	9100	599		MISC.	1,000.00	0.03	0.00	1,000.00	494.28		505.72	
095	2015	4Q	13	9200	999		RESERVE FOR TRANSFER	33,558.28	0.03	-33,300.00	258.28	0.00		258.28	
095	2015	4Q	13	9400	201		EMPLOYER SOCIAL SECURITY	7,000.00	0.03	0.00	7,000.00	6,699.92		300.08	
095	2015	4Q	13	9400	202		EMPLOYER SHARE RETIREMENT	15,000.00	0.03	3,000.00	18,000.00	17,621.74		378.26	
095	2015	4Q	14	5000			ADJUSTMENT TO BALANCE 12/31/2014 C	0.00	0.03	0.00	0.00	0.01		-0.01	
095	2015	4Q	14	5001	107		EMPLOYEE COMMUNITY CENTER	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	14	5401	715		COMMUNITY CENTER	486,000.00	0.03	0.00	486,000.00	0.00		486,000.00	
095	2015	4Q	14	5405	423		SUPPLIES/PREP	8,500.00	0.03	0.00	8,500.00	573.55		7,926.45	
095	2015	4Q	14	8001	315		RENTAL PROPERTY	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	14	8001	364		RENTAL BUILDINGS	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	14	8001	580		WATER & SEWER	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	14	8001	582		ELECTRIC	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	14	8001	718		COMMUNITY CENTER	0.00	0.03	3,000.00	3,000.00	2,500.00		500.00	
095	2015	4Q	14	9100	599		MISC.	1,000.00	0.03	0.00	1,000.00	207.40		792.60	
095	2015	4Q	14	9200	999		RESERVE FOR TRANSFER	4,900.00	0.03	-3,000.00	1,900.00	0.00		1,900.00	
095	2015	4Q	31	5030	725		PVA OFFICE	0.00	0.03	5,000.00	5,000.00	4,109.82		890.18	
095	2015	4Q	31	5076	742		COMMUNITY CENTER CONSTRUCTION	0.00	0.03	97,000.00	97,000.00	96,188.48		811.52	
095	2015	4Q	31	5080	365		COURTHOUSE SECURITY	0.00	0.03	0.00	0.00	0.00		0.00	
095	2015	4Q	31	5120	381		FIRE DEPARTMENT EQUIPMENT	30,000.00	0.03	0.00	30,000.00	10,000.00		20,000.00	

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Page 5 of 6

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

<b>Disbursements File Text</b>														
County	FY	Year	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
									Transfers	Tot. Avail.	Claims Paid	Free Bal.		
095	2015	4Q	31	5135	548			DISASTER AND EMERGENCY SERVICES	10,000.00	0.00	0.00	10,000.00	0.00	10,000.00
095	2015	4Q	31	5231	548			HEALTH DEPARTMENT/LOT/BUILDING	450,000.00	0.00	-169,200.00	280,800.00	0.00	280,800.00
095	2015	4Q	31	5231	715			HEALTH DEPARTMENT LAND/BLDG	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	5305	155			SENIOR CITIZEN DRIVER	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	5305	571			SENIOR CITIZEN REPAIRS/CONSTRUCTI	0.00	0.00	12,200.00	12,200.00	12,017.58	182.42
095	2015	4Q	31	5401	365			PARK SECURITY	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	5401	718			PARK PROJECTS	0.00	0.00	30,000.00	30,000.00	27,853.63	2,146.37
095	2015	4Q	31	5410	315			LIBRARY CONTRACTS	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	5410	446			LIBRARY EQUIPMENT & SUPPLIES	0.00	0.00	25,000.00	25,000.00	24,990.00	10.00
095	2015	4Q	31	5410	566			LIBRARY REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	6005	385			COUNTY GARAGE SECURITY	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	31	9200	599			RESERVE FOR TRANSFER	81.98	0.00	0.00	81.98	0.00	81.98
095	2015	4Q	97	8000	599			MISC.	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	8000	742			BUILDING & CONSTRUCTION	0.00	0.00	0.00	0.00	0.00	0.00
095	2015	4Q	97	8000	999			RESERVE FOR TRANSFER	0.00	0.00	0.00	0.00	0.00	0.00
									4,043,965.51	858,781.58	0.00	4,902,747.09	3,588,392.15	1,314,354.94

**OWSLEY COUNTY  
FOURTH QUARTER REPORT  
For The Year Ended June 30, 2015  
(Continued)**

**Total Liabilities File Text**

**OWSLEY COUNTY**

County Number	095
Fiscal Year	2015
File Type	4Q
Total Long-Term Deb	4,159.22
Total Short-Term Deb	0.00
Total Outstanding Debt	4,159.22

**OWSLEY COUNTY**  
**FOURTH QUARTER REPORT**  
**For The Year Ended June 30, 2015**  
**(Continued)**

**Long-Term Liabilities File Text**  
**OWSLEY COUNTY**

County	Fund	Principal / Interest	Term	Rate	Issued	NextPmt	FinalPmt	Principal	Interest	Total Issue	Prin. Bal.	Int. Bal.	Total Bal. Reserve
FYear	FType	Major	Minor	Suffix	Description								
095	13	7500	602	6	4.59	20090526	20140620	20150520	88,000.00	17,973.45	105,973.45	0.00	0.00
2015	4Q	7000	606		GARBAGE TRUCK/DUMPSTERS								0.00
095	13	7500	602	5	5.2	20100320	20140620	20151120	35,000.00	6,102.98	41,102.98	4,000.00	159.22
2015	4Q	7000	606		GARBAGE TRUCK								0.00
								123,000.00	24,076.43	147,076.43	4,000.00	159.22	4,159.22
													0.00

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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



**TEDDY MICHAEL PRATER CPA, PLLC**  
**HC 62 Box 291**  
**Salyersville, KY 41465**  
**Telephone (606) 349-8042**

The Honorable Cale Turner, Owsley County Judge/Executive  
The Honorable Ronnie DeBord, Former Owsley County Judge/Executive  
Members of the Owsley County Fiscal Court

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

**Independent Auditor's Report**

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial activity contained in the Fourth Quarter Report of the Owsley County Fiscal Court, as of and for the year ended June 30, 2015 and have issued our report thereon dated March 15, 2016. Our report disclaims an opinion on the Fourth Quarter Report of the Owsley County Fiscal Court because we were unable to place reliance on the accuracy, validity, and completeness of the financial activity it reported. Additionally, audit risk is at an unacceptable level and we were unable to apply other procedures to mitigate this risk.

**Internal Control Over Financial Reporting**

In connection with our engagement to audit the fourth quarter report, we considered the Owsley 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 fourth quarter report, but not for the purpose of expressing an opinion on the effectiveness of the Owsley County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Owsley 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 comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. 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 comments and recommendations as items 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, and 2015-010 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)

**Compliance And Other Matters**

In connection with our engagement to audit the fourth quarter report of the Owsley County Fiscal Court, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of fourth quarter report amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying comments and recommendations as items 2015-004, 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, and 2015-014.

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

The Owsley County Judge/Executive's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The Owsley County Judge/Executive's responses were not subjected to the auditing procedures applied in the audit of the fourth quarter report and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an engagement to perform an audit 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,



Teddy Michael Prater CPA, PLLC

March 15, 2016

**OWSLEY COUNTY  
COMMENTS AND RECOMMENDATIONS**

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



**OWSLEY COUNTY  
COMMENTS AND RECOMMENDATIONS**

**Fiscal Year Ended June 30, 2015**

**AUDIT FINDINGS:**

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2015-001 Poor Financial Management Practices For The First Half Of The Fiscal Year Have Resulted In A Disclaimed Opinion On The Fourth Quarter Report

---

Numerous deficiencies were noted in the county's internal control structure and in financial management practices which made it impossible for auditors to issue an opinion on the fourth quarter report. Management override of established control procedures and failure to adhere to sufficient financial management procedures, resulted in numerous and pervasive audit comments:

- The county does not have adequate internal controls. (Comment 2015-002)
- The county lacks adequate segregation of duties for receipts and payroll. (Comment 2015-003)
- Management disregarded internal controls regarding dual signatures on checks. (Comment 2015-004)
- The county did not record and deposit receipts timely. (Comment 2015-005)
- The county did not follow proper procedures for disbursements. (Comment 2015-006)
- The county incurred penalties and overdraft fees. (Comment 2015-007)
- The county did not follow proper procedures for payroll. (Comments 2015-008 and 2015-009)
- The county failed to submit timely, complete, and accurate quarterly reports. (Comment 2015-010)
- The county did not maintain proper documentation of fiscal court meetings. (Comment 2015-011)

These internal control deficiencies and non-compliance issues affect the entity and the internal control structure as a whole. These issues have severely limited the entity's ability to provide financial information that is complete, accurate, adequately documented, and free of material misstatement. We recommend the fiscal court review the deficiencies and noncompliance issues as noted and take appropriate action to correct each finding.

*County Judge/Executive's Response: From January 1, 2015 until present, we have worked diligently to correct any deficiencies or improper procedures to maintain a more compliance local government entity.*

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2015-002 The County Does Not Have Adequate Internal Controls Over Cash, Receipts, Disbursements, Payroll, And Capital Assets

---

Several deficiencies were noted regarding the control procedures for cash, receipts, disbursements, payroll, and capital assets. These deficiencies resulted in the numerous compliance issues noted in the following comments. The following control issues inhibits the county's ability to properly record, classify, and report transactions for cash, receipts, disbursements, payroll, and capital assets:

- Cash balances were not adequately monitored and were not accurately reported.
- Bank reconciliations were not completed timely for all accounts.
- Receipts were not recorded and deposited timely.
- Adequate supporting documentation was not maintained for all disbursement transactions.
- Proper procedures were not in place to ensure proper calculation and documentation of payroll items.
- Adequate schedules were not maintained for capital assets.
- Proper procedures were not in place to ensure proper recording of certain disbursements.
- Proper approval was not obtained for certain transactions.
- Several items were not paid timely.

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-002 The County Does Not Have Adequate Internal Controls Over Cash, Receipts, Disbursements, Payroll, And Capital Assets (Continued)**

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In order for the county's fourth quarter report to be free of material misstatement, it is essential that procedures are in place to ensure the accuracy, validity, and completeness of all transactions, including maintaining adequate supporting documentation for all transactions. We recommend the county implement the following procedures to strengthen controls and to limit the amount of noncompliance issues noted in the future:

- Review cash balances and bank reconciliations.
- Record and deposit receipts timely.
- Retain adequate supporting documentation for all transactions.
- Recalculate payroll items to ensure accuracy.
- Maintain adequate capital asset documentation and information.
- Record all transactions accurately and in the appropriate fund, account code, line item, etc.
- Present all transactions to fiscal court for approval.
- Pay invoices/obligations timely and in compliance with all statutes and regulations.

*County Judge/Executive's Response: From January 1, 2015 until present, we have maintained current cash balances and up-to-date bank reconciliations, record and deposits timely, retain adequate supporting documentation for all transactions, maintain adequate capital asset documentation and information as of July 1, 2015, record all transactions accurately in the appropriate fund, account code, line item, etc.; present all transactions to fiscal court for approval, and pay invoices/obligations timely and in compliance with all statutes and regulations.*

**2015-003 The County Lacks Adequate Segregation Of Duties For Receipts And Payroll**

---

The county lacks adequate segregation of duties for receipts and payroll. During receipts testing, we noted the former treasurer received all monies except solid waste receipts, made deposits, posted to the receipts ledger, and prepared bank reconciliations. In order for adequate segregation of duties to occur, the functions of receiving, posting, and reconciling receipts should be delegated to separate individuals when possible. Adequate segregation of duties increases the ability of the entity to recognize and correct errors timely. The receipt issues noted in Comment 2015-005 could have been prevented, detected, and/or corrected timely had proper controls and segregation of duties existed.

Likewise, we noted inadequate segregation of duties for payroll. The former treasurer was responsible for maintaining timesheets, entering payroll information into the computer system for processing, posting to the payroll ledgers, transferring funds to the revolving payroll account, preparing pay checks, preparing state and local withholding reports, and reconciling the payroll account. By delegating all these duties to the same individual, it increases the risk that fraud or errors will occur and go undetected for a significant time. The payroll issues noted in Comments 2015-008 and 2015-009 could have been prevented, detected, and corrected timely had proper controls and segregation of duties existed.

The current administration has made improvements. However, in order to further strengthen internal controls, we recommend the county adequately segregate duties in receipts and payroll or implement other controls to compensate for these weaknesses. For example, designate an individual to review the receipts and payroll ledgers, reconciliations, and reports. This individual can document their review by initialing the documents that were reviewed.

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-003 The County Lacks Adequate Segregation Of Duties For Receipts And Payroll (Continued)**

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*County Judge/Executive's Response: We plan on having the finance officer as well as county treasurer review the receipts and payroll ledgers, reconciliations, and reports; we already have been reviewing bank reconciliations each month and both initializing and dating.*

**2015-004 Management Disregarded Internal Controls Regarding Dual Signatures On Checks**

---

For the first six months of fiscal year 2015, auditors questioned numerous cancelled checks as to whether they contained the authentic signature of the former county judge/executive. It was revealed to auditors that the former county judge/executive regularly allowed the former treasurer to sign his name on checks.

The county's internal control system requires the signature of both the treasurer and the county judge/executive for all checks. In addition, KRS 68.020(1) reads, in part, "All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive." It is never an acceptable practice for a person to sign another person's name. The county judge/executive can choose a person to sign checks in his absence, but the designated person must be properly bonded, approved by the fiscal court, sign his/her own name to the check, and be independent from the treasurer's office.

Overriding the internal controls related to check processing increases the risk that errors or fraud can occur and go undetected. Good management oversight and adhering to established internal controls can decrease this risk. However, beginning in January 2015, it appears both the current county judge/executive and the treasurer sign all checks for payment to ensure compliance with internal control procedures and adherence to the applicable statute.

*County Judge/Executive's Response: We continue to each sign all checks by hand to ensure compliance with internal control procedures and adherence to the applicable statute.*

**2015-005 The County Did Not Record And Deposit Receipts Timely**

---

During Fiscal Year 2015, we noted numerous instances in which funds were not recorded and deposited timely. We noted delays in checks being recorded and deposited from several weeks up to several months. For example, three checks from the state in the amount of \$5,000, \$7,669 and \$178 were received in July 2014, but have not been recorded and deposited as of audit date.

An essential component of a strong internal control system is to record and deposit funds immediately after they are received in order to decrease the risk that the funds will be lost, stolen, or otherwise misappropriated. We recommend the fiscal court implement stronger internal controls over receipts to ensure that all funds received are recorded and deposited timely.

*County Judge/Executive's Response: To ensure a strong internal control system, all mail (checks) initially received by finance officer is endorsed and copied – recorded in her deposit log, then forwarded to county treasurer for deposit. We will compare deposit logs monthly to ensure accuracy and sufficiency.*

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-006 The County Did Not Follow Proper Procedures For Disbursements**

---

Numerous deficiencies were noted in the county's internal control structure as it relates to disbursements. Procedures regarding the documentation, preparation, and authorization of disbursements were not adequate for 71 transactions tested and resulted in the following findings:

- 32 instances, totaling \$1,393,168 were noted in which proper documentation (i.e. invoices) for disbursements could not be located.
- 49 instances, totaling \$1,292,147 were noted in which the county did not properly approve the transaction as documented on the claims list.
- 10 instances, totaling \$81,213 were noted in which the county did not pay the vendor within 30 days of receipt of invoice.
- 32 instances were noted in which the disbursements did not contain an account code.

Basic internal control procedures require the county to maintain documentation for every disbursement. This documentation should include, but is not limited to, invoices, purchase orders, packing/receiving slips, etc. Guidance regarding fiscal court approval is outlined in KRS 68.275(2), which states, "The county judge/executive shall present all claims to the fiscal court for review prior to payment..." In addition, KRS 65.140(2) requires local governments to pay for goods and services within 30 working days of receiving an invoice. The Department for Local Government (DLG) *Budget Manual* provides a chart of accounts counties are supposed to use to code and record disbursements.

Failure to adhere to the guidelines outlined above increases the risk that the county's disbursements will be materially misstated or funds will be misappropriated. We recommend the county immediately implement procedures to ensure that all disbursements are properly documented, approved by the fiscal court, recorded correctly, and paid timely.

*County Judge/Executive's Response: As of January 1, 2015, we have worked diligently to keep all bills paid on time and any past due bills paid from previous years, when we will receive all bills – we will stamp when received and pay within time allotments.*

**2015-007 The County Incurred Penalties And Overdraft Fees**

---

During Fiscal Year 2015, the county incurred penalties and overdraft fees for the following reasons:

- Failure to make retirement contributions by the 10<sup>th</sup> of each month, which led to penalties totaling \$9,000.
- Failure to maintain sufficient balances in bank accounts, which led to fees totaling \$705.

The county participates in County Employees Retirement Systems (CERS). KRS 61.675 and KRS 78.625 require retirement withholding and matching funds be paid to CERS by the 10<sup>th</sup> of each month or a \$1,000 penalty is applied. During fiscal year 2015, the county incurred \$4,000 of retirement penalties for failure to file and remit payments timely. A total of \$9,000 in penalties was paid in fiscal year 2015, of which \$5,000 was related to fiscal year 2014.

The general, jail, LGEA funds, and payroll account were overdrawn on multiple occasions resulting in overdraft fees of \$705. The Department for Local Government (DLG) *Budget Manual* outlines the duties of a county treasurer, one of which is to sign a check only if sufficient fund balance and adequate cash balance exists to cover the check.

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-007 The County Incurred Penalties And Overdraft Fees (Continued)**

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Poor financial management practices and weak internal controls cause errors to occur and go undetected for a significant time period and may result in financial ramifications such as these. Additionally, penalties and overdraft fees are unnecessary expenses that are avoidable and a wasteful use of taxpayer resources. We recommend the fiscal court ensure that all withholding and matching payments are made timely, and ensure all bank accounts have sufficient cash balances to cover any checks in order to avoid unnecessary costs in the future.

*County Judge/Executive's Response: As of January 1, 2015, we have worked diligently to pay any penalties or late fees incurred, and worked diligently to keep all required reports and payments made and sent in in a timely manner.*

**2015-008 The County Did Not Follow Proper Procedures For Payroll**

---

During our testing of payroll, we noted numerous deficiencies related to the preparation and calculation of payroll:

- The fiscal court did not approve a salary schedule.
- Overtime was not calculated correctly.

KRS 64.530(1) states, "[T]he fiscal court of each county shall fix the compensation of every county officer and employee...." The county failed to do this for fiscal year 2015.

KRS 337.285 outlines overtime provisions and requires that employees be paid at one and a half times their hourly pay rate for all hours worked in excess of 40 hours in one week. Salaried employees are not exempt from overtime provisions, unless all the requirements outlined in the Fair Labor Standards Act (FLSA) are met. The failure to calculate overtime correctly could result in employees being overpaid or underpaid.

The deficiencies noted above may have caused the county to improperly compensate employees for time worked. Compliance with the aforementioned statutes is essential in order for the county to properly prepare and calculate payroll.

We recommend the county do the following regarding payroll to ensure compliance with applicable statutes and to ensure proper payroll practices and controls are in place:

- Approve a salary schedule listing each employee's rate of pay.
- Ensure proper time and a half/overtime payments are made in accordance with the county administrative code and state and federal regulations.

*County Judge/Executive's Response: We will approve a salary schedule listing each employee's rate of pay, already maintain properly executed timesheets for all non-exempt employees, and already ensure proper time and half/overtime payments in accordance with the county administrative code and state and federal regulations.*

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-009 The County Did Not Calculate FICA And Medicare Withholdings Correctly Or File 941 Forms Timely**

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The county did not calculate FICA and Medicare withholdings correctly for the first six months of Fiscal Year 2015. FICA and Medicare withholdings are based on gross wages less any allowable retirement contribution and any other allowable pre-tax items. The former treasurer based the deduction calculation on gross wages only and did not account for County Employees Retirement System (CERS) contributions. Internal Revenue Service (IRS) Publication 15 outlines employment taxes and the federal guidelines employers are to follow regarding calculations of FICA and Medicare taxes. This miscalculation for FICA and Medicare withholdings results in employees paying more FICA and Medicare tax than necessary, thus decreasing their net pay. Furthermore, this miscalculation increased the amount of the county's required matching funds causing the county to remit more matching funds than necessary.

In addition, we noted the county did not file a timely Form 941 for the third quarter of calendar 2014 with the Internal Revenue Service as required by IRS Publication 15. Form 941 is used to summarize and reconcile all FICA, Medicare, and Federal tax withholdings based on the entity's payroll records. The failure to file these forms timely will likely result in penalties from the IRS and is indicative of improper payroll procedures and poor financial management practices. We recommend the county immediately correct the FICA and Medicare calculations for all employees. Finally, we recommend the treasurer ensure that FICA and Medicare deductions are calculated correctly and ensure complete, accurate and timely 941 Forms are filed quarterly with the Internal Revenue Service.

*County Judge/Executive's Response: As of January 1, 2015, we have corrected the FICA and Medicare withholdings, by obtaining new accounting software and monitoring in a timely basis, as well as updated all quarterly 941s and kept all 941s and quarterly 941s sent in a timely manner.*

**2015-010 The County Failed to Submit Timely, Complete, And Accurate Quarterly Reports To The Department For Local Government**

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The Uniform System of Accounts requires counties to submit quarterly reports to their regulatory agency, the Department for Local Government (DLG). These reports should include all funds of the county, should include all activity within the funds, and should agree to the county's reconciled cash balances. The quarterly report for Owsley County was not filed timely with DLG. In addition to the report not being filed timely, we noted the following:

- Receipts and disbursements listed in the quarterly report were incorrect.
- Emergency Planning Fund activity was not included on the report at all.

Timely, complete, and accurate quarterly reports are essential for the regulatory agency to be informed of the financial activity of a county. Quarterly reports also provide valuable information to the fiscal court regarding receipts, disbursements, and cash balances and are an essential component of sound financial management practices. Without this valuable information, the fiscal court's decision making capabilities may be adversely affected. We recommend the treasurer prepare timely, complete, and accurate quarterly reports to submit to DLG as required.

*County Judge/Executive's Response: As of January 1, 2015, we have worked diligently to send in any lacking quarterly reports from the past, and prepare and send in all quarterly reports in a timely manner to DLG.*

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

**AUDIT FINDINGS: (CONTINUED)**

**2015-011 The County Did Not Maintain Proper Documentation Of Fiscal Court Meetings**

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During our review of the fiscal court minutes, we noted that no minutes of meetings for the audit period were recorded in the fiscal court minutes book and made available for public inspection at the county clerk's office. KRS 67.100 outlines the requirements for fiscal court records regarding minutes of meetings and requires the minutes to be indexed and filed within 30 days of any action or ordinance. Without complete and accurate minutes available, interested parties are not fully informed of the actions taken by the fiscal court.

We recommend that the fiscal court require the fiscal court clerk to keep up to date minutes indexed and filed in the fiscal court minutes book so they're available for public inspection at the county clerk's office.

*County Judge/Executive's Response: As of around March 2015, the County Judge/Executive has the finance officer attend all fiscal court meetings and take and later transcribe into hard document format.*

**2015-012 Improper Payments Totaling \$4,200 Were Made From The Road Fund**

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During fiscal year 2015, the county paid the sheriff's office a total of \$4,200 out of the Road Fund for transporting prisoners. Road monies are restricted by KRS 177.320. Disbursements from the Road Fund should be for secondary and rural road maintenance, repairs, and related activities. The county is allowed to pay the Sheriff for transporting inmates; however, these payments should be made from the Jail Fund, the General Fund, or the LGEA Fund. It is not appropriate to pay the sheriff's office out of restricted road monies. By doing this, the county has reduced the amount of funds available to spend on road repairs and maintenance and has created a situation in which another fund must pay back the improper payments. In June 2015, the fiscal court reimbursed the Road Fund \$11,200 (\$7,000 from Fiscal Year 2014 and \$4,200 for Fiscal Year 2015) from the General Fund. We recommend that only proper payments for allowable activities are made in the future from restricted Road Fund monies.

*County Judge/Executive's Response: We corrected this issue on June 10, 2015, by reimbursing the Road Fund from the General Fund \$7,000 and an additional transfer to the Road Fund from the General Fund \$4,200. Total of transfers from General Fund to Road Fund - \$11,200.*

**2015-013 The County Did Not Comply With Regulations For Local Government Economic Assistance Coal Producing Funds**

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The county did not comply with KRS 42.455 regarding coal producing funds received through the Local Government Economic Assistance (LGEA) program. KRS 42.455 states that 30% of all coal producing funds received must be spent on the county coal haul road system. The county received \$156,063 in coal producing funds, of which, \$46,819 was required to be spent on the coal haul road system. The county did not spend any coal producing funds on road repairs/maintenance. Failure to spend the allotted amount as designated is a direct violation of KRS 42.455. We recommend the fiscal court monitor the amounts received and expended in the LGEA Fund to ensure compliance with LGEA regulations in the future.

*County Judge/Executive's Response: We will monitor closely the LGEA Funds to ensure that 30% of all coal producing funds received must be spent on county coal haul road system through the road fund.*

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

**AUDIT FINDINGS: (CONTINUED)**

2015-014 The County Did Not Maintain Capital Asset Schedules In Accordance With Regulatory Requirements

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The county did not maintain a complete and accurate capital asset schedule for the fiscal year ending June 30, 2015. Lack of a well maintained and updated capital asset schedule increases the risk of loss or misappropriation of capital asset items. The Department for Local Government (DLG) requires counties to track capital assets (i.e. land, buildings, equipment, vehicles, infrastructure, etc.) and maintain a listing of capital assets to be provided to auditors for inclusion in the audit report. This list should include all current year additions/purchases, retirements, disposals/sale of assets, etc. Any related documentation for capital asset additions, retirements, and disposals in the form of invoices, deeds, purchase orders, sales records, titles, liens, etc. should be maintained in a manner that facilitates easy access, retrieval, and verification of capital asset amounts recorded. We recommend the county implement procedures to identify and track capital asset additions, retirements, and disposals in order for capital asset schedules to be complete and accurate. Additionally, we recommend the county perform physical inventories periodically to further ensure the accuracy and completeness of capital asset schedules.

*County Judge/Executive's Response: Beginning July 1, 2015, we have an updated capital asset schedule on file.*

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT  
PROGRAMS**

**OWSLEY COUNTY FISCAL COURT**

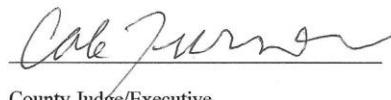
**For The Fiscal Year Ended  
June 30, 2015**



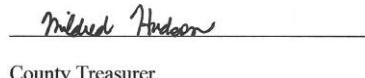
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM  
OWSLEY COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

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

  
Caleb Turner

County Judge/Executive

  
Mildred Hudson

County Treasurer

