Auditor of Public Accounts
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Harmon Releases Audit of Carter County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Carter County Fiscal Court for the fiscal year ended June 30, 2016. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements, and changes in fund balances of the Carter County Fiscal Court in accordance with accounting principles generally accepted in the United States of America. The fiscal court's financial statement did not follow this format. However, the fiscal court's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for 115 of 120 fiscal court audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

The Carter County Fiscal Court did not follow procedures for approving budget amendments on an emergency basis: On March 14, 2016, the Carter County Fiscal Court approved an "Emergency Budget Amendment" as Ordinance #806. The amendment increased receipts and appropriations by $767,720 in the general fund and $351,178 in the road fund. The fiscal court did not declare an emergency prior to approving the budget amendment. According to the treasurer, the treasurer and the fiscal court were not aware of the procedures for amending the county's budget on an emergency basis, and were following the same process used in prior years. The treasurer and the fiscal court had not been previously informed that an "Emergency Budget Amendment" does not substitute for naming and describing an emergency, then submitting the budget amendment ordinance. Approving budget amendments on an emergency basis allows for immediate spending of funds. Normally, amending the county's budget requires a first reading, approval of the State Local Finance Officer (SLFO), and a second reading, which does take additional time. Approving budget amendments on an emergency basis eliminates the requirement to inform the public and SLFO prior to approval, and as such, should only be used on a limited basis. The Department for Local Government, under the authority of KRS 68.210, gives the SLFO the authority to establish procedures for amending a county's budget. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, "[a]ny amendments to a county budget submitted to the State Local Finance Officer on an emergency basis must strictly adhere to the provisions of KRS 67.078 and a photocopy of the fiscal court order naming and describing the emergency must accompany the budget amendment pursuant to KRS 68.280." KRS 67.078(2) states "[a] majority of the fiscal court may declare an emergency to exist by naming and describing the emergency[.]" KRS 68.280 mandates SLFO approval of all amendments to a county budget. We recommend the fiscal court stop approving "Emergency Budget Amendments" and instead name and describe the emergency, then approve the budget amendment ordinance. We also recommend that amendments to the county's budget on an emergency basis be used only when necessary.

County Treasurer's Response: I have been doing the Emergency Amendments the same way since I started in 2010. I had the Emergency Amendments confirmed by the Department of Local Government to assure they were done accurately. Also, no other auditors had written me up for the way they were being done until now. Henceforth the Judge Executive will declare the Emergency Amendments the same way he declares all other emergencies.

Auditor's Reply: As noted in the finding, the county's budget amendment process should conform to DLG requirements. Emergency budget amendments should only be used after an emergency is declared.

The Carter County Fiscal Court did not properly budget for and record all debt-related disbursements: The fiscal court did not comply with reporting requirements for debt bearing the county's name. During Fiscal Year (FY) 2016, the following debt items were not paid by the fiscal court, but the debt is in the county's name and therefore should have been reported as debt on the quarterly financial reports:

- Grahn, Hitchins, Norton Branch, and Grayson fire departments paid a total of $111,051 in principal and interest payments.

Also in FY 2016, the following new financing obligations were entered into by the fiscal court, but the proceeds went directly from lessor to vendor, and were not reported on the financial statement:

- Financing obligation of $1,675,000 for energy savings program
- Financing obligation of $68,010 for an excavator
- Financing obligation of $80,044 for Hitchins fire department

These transactions did not run through the fiscal court's bank accounts and were not included in the fiscal court's budget process or reflected on the fiscal court's Fourth Quarter Financial Report. As a result, the county failed to properly budget for and record $1,934,105 in debt-related receipts and disbursements. The fiscal court was unaware they were supposed to report debt paid by another entity, even though the debt was in the county's name. The fiscal court was also unaware that financing obligations proceeds must be shown on the financial statement, even when the county does not receive the proceeds. As a result, liabilities information is not accurately presented to management, regulatory agencies, and other users of the information. Failure to implement procedures to ensure that the debt is being paid by other agencies may result in the county unknowingly defaulting on financing obligations. Also, the adjustments recommend by the auditor to correct the financial statement and to include this activity on the Fourth Quarter Financial Report result in county appropriations exceeding the approved budget.

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void." KRS 68.280 gives fiscal courts the ability to amend the budget when necessary, which would have prevented appropriations from exceeding the approved budget. Because the fiscal court is obligated for these financing obligations, all debt should be budgeted for and recorded, including money borrowed on behalf of another entity.

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements, including those handled by a third-party lender. We also recommend the fiscal court implement procedures to review all debt payments made by other entities to ensure the loan repayment agreements are being met. The fiscal court could also review other options for accounting for the fire department's debt, such as retaining the contributions made to the fire departments and using it to make the debt payments, or having the fire departments make payment to the fiscal court and then the fiscal court make the debt payments.

County Treasurer's Response: The loans the County has for the fire departments are not budgeted for because the County budgets a fee so that they can give it to each of the Fire Departments to make the loan payments themselves. Henceforth the County will budget for the Fire Department loans and also make the payments.

The Carter County Fiscal Court did not accurately report debt on the quarterly financial statement: This is a repeat finding and was included in the prior year report as Finding 2015-015. The liabilities section of the fourth quarter financial statement, which also serves as the county's year-end financial statement, did not reconcile to the county's debt schedules, materially misstating debt obligations. This occurred due to a lack of oversight of the quarterly financial statement preparation process. As a result, liabilities information is not accurately presented to management, regulatory agencies, and other users of the information. The principal balance of debt as of June 30, 2016, was understated by $4,065,096 and the interest balance of debt as of June 30, 2016, was understated by $638,314. The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe a uniform system of accounts. As outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual*, the uniform system of accounts requires the budget section of the fourth quarter financial report to be utilized for reporting all current long-term debt, including public corporation bonds, general obligation bonds, government leasing act issues, and bond anticipation notes. The liabilities information reported needs to be accurate. We recommend the fiscal court ensure all debt payments are accounted for and reported accurately on the liabilities section of the quarterly financial statement.

County Treasurer's Response: All debt will be reported on the Quarterly Financial Statement.

The Carter County Treasurer did not correctly record all receipts: The treasurer failed to correctly record all receipts when posting to the ledger. Receipts testing indicated the following:

- Jail fund local corrections assistance grant receipts of $21,552 recorded as general fund cable TV franchise.
- Jail fund local corrections assistance grant receipts of $21,552 recorded as local government economic assistance fund (LGEA) LGED Grants.
- General fund court facility fees receipts of $8,056 recorded as general fund fiscal court filing fees.
- General fund court facility fees receipts of $15,818 recorded as general fund state grants.
- Jail fund housing reimbursement receipts of $7,228 recorded as jail fund medical reimbursement.
- Jail fund telephone commission receipts of $6,055 recorded as jail fund prisoner reimbursement.
- Jail fund commissary reimbursement receipts of $2,000 recorded as jail fund medical reimbursement.
- Jail fund commissary reimbursement receipts of $750 recorded as jail fund prisoner reimbursement.

The treasurer and the fiscal court failed to notice the recording errors upon preparation and review of the monthly financial statements and quarterly reports. For example, the jail fund line item local corrections assistance was budgeted to receive $40,000 but received no funds, and this is reflected on the quarterly reports presented to the fiscal court for approval. As previously stated, these funds went 50 percent to the general fund and 50 percent to the LGEA fund. Failure to properly record receipts provides the fiscal court and other users of the financial reports with inaccurate information, which could negatively impact the county. General fund receipts were overstated by $21,552, and LGEA receipts were overstated by $21,552. The errors within the general fund and jail fund do not result in any overall change to those funds, but do cause line items to be misstated.

Posting receipts to an incorrect fund or line item could cause shortages and result in additional budget or line-item transfers being necessary. The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe minimum requirements for handling public funds. According to the *County Budget Preparation and State Local Finance Officer Policy Manual* statutory receipt account codes are to be used for recording receipts to the ledgers. Accurate recording of receipts may assist the county during both the budgeting process and normal operating procedures.

We recommend the fiscal court approve transferring $21,552 from the general fund and $21,552 from the LGEA fund to the jail fund to correct the deposit errors. We also recommend that receipts be posted to the appropriate accounts to ensure accurate reporting of financial information. It is expected that the fiscal court would rely on the treasurer's financial reports, however the fiscal court still has a responsibility to review the financial reports before approval.

County Treasurer's Response: No response provided.

The Carter County Fiscal Court did not comply with purchase order procedures: This is a repeat finding and was included in the prior year report as Finding 2015-005. The fiscal court did not consistently perform established procedures for disbursements in regards to the use of purchase orders. During our review and testing of disbursement processing procedures of 38 tested invoices, we noted the following:

- One invoice with no purchase order attached
- Four purchase orders that did not agree to the check issued for the related expenditure
- Five purchase orders issued after the invoice date
- Five purchase orders that were not properly signed

The fiscal court failed to ensure the purchase order process was followed. By not following established internal control procedures for the disbursement process, the risk of inaccurate financial reporting, misappropriation of assets, and noncompliance with the approved budget increases.

The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe the minimum requirements for handling public funds. The *County Budget Preparation and State Local Finance Officer Policy Manual*, outlines requirements for handling of public funds, including required purchasing procedures for counties. These requirements prescribe that purchases shall not be made without approval by the county judge/executive or department head and all purchase requests indicate the appropriations to which the claim will be posted. A properly functioning internal control system requires the designed control procedures be consistently performed. The key control for a purchase order system is the authorization of the disbursement before it is paid. In addition, the amount authorized to be spent should agree to the check issued. We recommend the fiscal court implement procedures to ensure purchase orders are issued for all disbursements prior to purchases being initiated and purchase orders are signed. The fiscal court should also require purchase orders be attached to all invoices presented for their review.

County Judge/Executive's Response: No response provided.

The Carter County Fiscal Court did not maintain a complete and accurate fixed assets schedule: This is a repeat finding and was included in the prior year report as Finding 2015-013. Auditors were not provided a complete and accurate capital asset schedule. During our audit, we noted the county does not do the following:

- Maintain a master listing of fixed assets or a separate schedule for fixed assets that meets the county's approved capitalization threshold policy;
- Keep separate records for additions and disposals;
- Have a tagging system in place to identify fixed assets;
- Conduct an annual physical inventory count;
- Have controls in place to prevent inaccurate financial reporting, fraud, or misappropriation of assets.

The fiscal court is not adequately monitoring and tracking capital assets. No individual has been directed to take responsibility for maintaining the capital asset schedule, making it unclear who is responsible for maintaining the capital asset schedule. Because of this, there is a lack of communication and coordination between the departments in possession of capital assets. By not maintaining an accurate list of capital assets, assets could be improperly stated, increasing the risk of material misstatement to the capital asset schedule. The fiscal court may not properly determine insurance needs, which could result in financial losses. Furthermore, not performing physical inventories increases the risk of misappropriation of assets. The Department for Local Government (DLG), under the authority of KRS 68.210, requires the state local finance officer to create a system of uniform accounts for all counties and county officials. *The County Budget Preparation and State Local Finance Officer Policy Manual* requires for purposes of internal control, an asset inventory listing must be maintained for all asset purchases/donations above a reasonable dollar amount, and have a useful life of greater than one year. The asset inventory listing should provide the following detail:

- Property Tag number
- Asset description
- Serial number - if applicable
- Quantity - if applicable
- Cost (or FMV of donated asset at date of donation)
- Date of acquisition
- Date of disposal (track all disposals for entire fiscal year)
- Property location (by department, building & room number)
- Manager/individual responsible

The manual further explains that an 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. The asset inventory listing should be updated for all additions, disposals, and property location changes, etc. Authorization must be given to appropriate accounting personnel for asset record and asset inventory listing modifications. We recommend the fiscal court designate an individual to maintain the capital asset schedule. This individual should provide a complete and accurate capital assets schedule to the fiscal court at least once a year. The capital assets schedule should also reconcile to the physical inventory of county assets at the end of each year and to the county's list of inventoried assets and insurance policy.

County Treasurer's Response: There is not a specific person that takes care of the Fixed Asset Schedule. Henceforth the County Treasurer along with the Judge Executive's Secretaries will maintain it properly.

The Carter County Fiscal Court did not prepare a justice center corporation fund financial statement: This is a repeat finding and was included in the prior year report as Finding 2015-002. The county treasurer did not prepare the justice center corporation fund financial statement, nor was it presented to the fiscal court for approval. The justice center corporation fund is unbudgeted and used for reporting of debt financing for the fiscal court. It is not included on the quarterly report. The county treasurer was unsure how to prepare the financial statement and did not seek guidance on how to prepare. By not preparing an annual settlement, the fiscal court as well as the general public may not be aware of the county's financial condition. The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to establish procedures for amending a county's budget. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, the treasurer should prepare an annual financial statement.

We recommend the county treasurer prepare a justice center corporation annual statement and present it to the fiscal court for approval each year.

County Treasurer's Response: I was not aware that the Justice Center Corporation Fund had to be budgeted and the financial statement had to be presented to the court because the Fiscal Court doesn't make the payment. Also, the audit that this was found in was finished in the next audit year which gave me no time to get this accomplished for this audit. Henceforth I will budget for the Justice Center and prepare a financial statement and present it to the Fiscal Court.

Auditor's Reply: While the Department for Local Government does not require the Justice Center Corporation Fund to be budgeted, it does require preparation of an annual financial statement.

The Carter County Jailer made purchases from the commissary account that did not comply with state law: The portion of this finding relating to sales tax is a repeat finding and was included in the prior year audit report as Finding 2015-008. Auditors tested a sample of 62 disbursements from the jail commissary and determined 13 disbursements totaling $14,632 did not meet the criteria for jail commissary profit spending. The purchases included:

- Three iPads, a cell phone and charger, portable chargers, phone batteries, and USB card - $2,706
- Kitchen maintenance (grease trap service), drain cleaner - $1,430
- Cleaning and laundry supplies, exam gloves - $10,394
- Hotel room - $102

The jailer also paid $213 in sales tax on purchases in the tested sample. The jailer believes these jail commissary purchases meet the criteria for jail commissary profit spending, and as such allowed the purchases to be made. Because these items were for administration of the detention center and not to benefit prisoners, they should have been purchased through the jail fund of the county. A purchase order should have been provided by the county judge/executive's office and included on the claims list for presentation to the fiscal court. The jailer circumvented the internal controls of the county by purchasing these items through the jail commissary and used commissary profit for other than its intended purpose. Furthermore, because government agencies are not subject to sales tax, this was also an unnecessary use of commissary profit. Overall, there is a reduction of $14,845 in jail commissary profits that could have been used for the benefit of the inmates.

According to KRS 441.135(2), "[a]ll profits from the canteen shall be used for the benefit and to enhance the well-being of the prisoners." KRS 441.135(3) states, "[a]llowable expenditures from a canteen account shall include but not be limited to recreational, vocational, and medical purposes." Commissary (canteen) profits must be expended for the benefit of the inmates in ways that enhance their well-being beyond the minimum services jails are required to provide. We recommend $14,632 be reimbursed by the jail fund to the jail commissary account. In addition, we recommend if the jailer wants to purchase enhanced cleaning supplies, such as those that are not harmful if ingested, then the difference between cost of the less-harmful supplies and the normal supplies is an allowable canteen expense. The jailer would need to document this difference to show that the better products for safety purposes are an enhancement.

Jailer's Response: All purchases from the commissary account were made in good faith, have been accounted for, and in the Jailer's view have met all necessary criteria for the benefit of the inmates. Any items that increase the safety, security, and general welfare of inmates should by nature of the statutes be deemed acceptable. Furthermore, these funds are to be used to provide for the benefit of inmates in many areas that the county general fund does not have the available resources to provide. The Jailer understands that the statutes have room for interpretation causing some gray areas in the acceptability of purchases. I understand that there will be legislation presented during the 2018 legislative session to help clarify and expand purchases for the benefit of inmates. However, as the statute stands currently, it is merely a judgment call as to acceptability. The Carter County Detention Center Policy and Procedures which is adopted by our county fiscal court and reviewed and suggested for approval by our County Attorney is more clearly defined as to what has been deemed as acceptable based on the statutes in the opinion of the court, jailer, and county attorney. These policies are a good faith effort to follow statutes to their intended purpose. Our county policy has been provided below, II-200.

STANDARD: 501 KAR 3:030 Section (3)
AS PROVIDED IN KRS 441.135, EACH JAILER MAY ESTABLISH A CANTEEN TO PROVIDE PRISONERS WITH APPROVED ITEMS

POLICY:

A canteen for inmates may be established and a strict accounting of funds will be maintained.

PROCEDURE:

1. *The records of income, expense and disbursements of the jail canteen fund shall be examined annually by the Auditor of Public Accounts concurrently with the annual audit of the county conducted in accordance with KRS 43.070(1)(a), unless the*

Auditor of Public Accounts declines to perform the examination of the canteen fund or has failed to respond to written notice of intent to employ a certified public accountant within thirty (30) days of receipt of notice.

2. *The Jailer shall forward a copy of the report of any jail canteen audit to the Kentucky Department of Corrections.*
3. *The cost of the canteen fund audit shall be paid from the canteen fund as an allowable expense. If the jails canteen fund is insufficient to cover the expense of the examination, the expense shall be borne by the county jail fund.*
4. *All expenses deemed necessary for the benefit of the inmates in accordance with KRS 196.270 and KAR 441.137 including safety, security, or medical shall be considered as approved commissary expenses as determined by the Jailer.*

Auditor's Reply: County policies cannot supersede statutory requirements. Similarly, 501 KAR 3:030 Section 3 does not expand the allowable expenditures from the canteen profits and refers to items that may be sold from the canteen. For each of the items mentioned, the county did not support the expenditure as being for the benefit of the inmates and an enhancement beyond basic jail maintenance requirements.

The Carter County Jail Commissary uses a debit card for purchases: The Carter County Jail uses a debit card to make some purchases for the jail commissary. During Fiscal Year 2016, 66 disbursements totaling $12,559 were made using a debit card. Also, there were two debit card disbursements out of the 28 tested that did not have a receipt or invoice to verify if the purchases were for official business. Jail management was unaware that use of a debit card, which allows immediate electronic access to the bank account, was an unacceptable form of disbursement. The use of a debit card allows for a breakdown in control over disbursements. The user of the debit card has the unmonitored opportunity to spend the jail commissary funds. Disbursements are not being reviewed and approved prior to payment, which could allow misuse of jail commissary funds. Furthermore, not maintaining invoices for debit card purchases means that there was no supporting documentation to determine the validity of the transaction.

The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe minimum requirements for handling public funds. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, disbursements are to be made by check only. We recommend the Carter County Jailer ensure that disbursements are made by check only, in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Jailer's Response: Many purchases today are online and require an electronic form of payment. I hope this is an area the legislature intends to update and correct as far as acceptable forms of payment to keep up with modern technology. However, we have since destroyed the cards and stopped the use of debit transactions.

The Carter County Jail Commissary did not make daily deposits: This a repeat finding and was included in the prior year report as Finding 2015-020. The jail commissary does not make daily deposits. The jailer did not insure deposits were made daily. The jail commissary's office administrator stated that they are extremely busy and deposit when they can. By not making deposits on a daily basis, the opportunity for the misappropriation and theft of receipts increases.

The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to establish a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires daily deposits and daily check out sheets where receipts are batched and categorized as part of the minimum accounting requirements for the jail commissary. We recommend the jailer ensure jail commissary deposits are made daily in order to be in compliance with the minimum accounting standards as promulgated by KRS 68.210.

Jailer's Response: It is always our goal to make daily deposits, however with a small county and limited manpower it is not always feasible or practical to be able to perform this daily. All efforts are made to deposit in a timely manner based on the ability of administrative staff and the workload of the day.

Auditor's Reply: As stated, daily deposits are a requirement promulgated by the Department for Local Government.

The Carter County Fiscal Court lacks adequate segregation of duties over payroll processing: This is a repeat finding and was included in the prior year report as Finding 2015-001. The fiscal court lacks adequate segregation of duties over payroll processing. The treasurer is the only county employee involved in processing payroll. The treasurer receives timesheets and sends them to a CPA firm for calculation of paychecks and withholdings amounts. The calculated payroll information is then returned to the treasurer so that payments can be posted and distributed.

Inadequate segregation of duties allows one person to have a significant role in processing and recording of payroll, which increases the risk of undetected misappropriation of assets and inaccurate financial reporting. Duties should be segregated to decrease the risk of misappropriation of assets, errors, and inaccurate financial reporting to external agencies, and to protect employees in the normal course of performing their job duties. We recommend the fiscal court segregate the duties of entering the information necessary to process the payroll into the computer system and the preparation of payroll disbursements. The CPA firm does aid in this regard; however, an additional county employee should still be involved. We suggest one employee receive timesheets and review for accuracy and signatures, and another employee review the work of the CPA firm and enter that data into the purchase order system for distribution.

County Treasurer's Response: In 2015 the Fiscal Court voted to outsource the payroll so that there would be more than one person involved but I am still being written up for this. Henceforth the Judges secretary will review the payroll with me.

County Judge/Executive's Response: The exceptions noted in this audit are mainly minor and procedural in nature with the exception of "failure to adequately segregate duties". The problem with this issue is how can we do what is required if we don't have the money to do it? Every small county in the state struggles with this same problem. I don't know the answer however barring an economic windfall it is a safe bet this won't be the last time we are cited for this. It is Carter

County's desire to have audits that comply with standards. The treasurer and I will work together to address these issues in the future.

Auditor's Reply: The exceptions noted in this audit are not "mainly minor and procedural in nature." As noted in the "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,*" findings 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, and 2016-010 are material weaknesses; findings 2016-0011 and 2016-012 are significant deficiencies; and findings 2016-001 through 2016-010 are considered to be noncompliances with state laws and regulations.

Regarding the lack of segregation of duties, the county can implement sufficient compensating controls to mitigate the risk without significant cost, as suggested by the recommendations in the comment.

The Carter County Fiscal Court did not completely reconcile revolving account balances: This is a repeat finding and was included in the prior year report as Finding 2015-001. The payroll revolving account, social security revolving account, and health revolving all had balances remaining in the accounts after bank reconciliations were prepared. Revolving accounts are clearing accounts and should be reconciled to a zero balance at the end of each month. The fiscal court does not have procedures in place to ensure revolving account balances are completely reconciled. Improperly reconciled accounts could result in overdraft balances and unnecessary bank charges. Also, by maintaining unexplained balances in revolving accounts, those resources are not available for use by the county. As stated previously, revolving accounts should be able to be reconciled to a zero balance. This ensures county monies are accounted for, and limits opportunities for misappropriation.

We recommend the county treasurer determine if the reconciled balances in the payroll, social security, and health accounts need to be disbursed or returned to the one or more county funds. Once the determination is made, the treasurer should either disburse the balances accordingly, or deposit additional monies. We also recommend the fiscal court ensure revolving accounts are reconciled to zero monthly and any unidentifiable balances are resolved promptly.

County Treasurer's Response: I changed the way I made the deposits out of the Payroll Account into the Retirement and Health Insurance Accounts so that they would be zero and the Payroll Account still isn't at a zero due to Union dues and Taxes being paid on the first of the next month. Henceforth I will work on making all accounts zero balances.

The audit report can be found on the auditor's website.

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