

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

**For The Year Ended
June 30, 2019**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
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To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary Finance and Administration Cabinet

The Honorable William R. Lewis, Leslie County Judge/Executive

The Honorable Jimmy Sizemore, Former Leslie County Judge/Executive

Members of the Leslie County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Leslie County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Leslie County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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



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

As described in Note 1 of the financial statement, the financial statement is prepared by the Leslie County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Leslie County Fiscal Court as of June 30, 2019, or changes in financial position or cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The regulatory basis of accounting requires the jail commissary fund receipts and disbursements to be included on the Leslie County Fiscal Court's Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis. The Leslie County Jailer did not maintain adequate accounting records or account for properly the receipts and disbursements of the jail commissary fund. As a result, auditors were unable to obtain sufficient appropriate audit evidence to conclude that the financial information provided for the jail commissary receipts, disbursements, and fund balance were free from material misstatement or reasonably accurate.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statement referred to above presents fairly, in all material respects, the fund balances of Leslie County, Kentucky as of June 30, 2019, and its cash receipts and disbursements, for the year then ended, in accordance with the accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Leslie County Fiscal Court. The Budgetary Comparison Schedules (supplementary information) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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Other Matters (Continued)

Supplementary and Other Information (Continued)

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

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the Leslie 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 Leslie County Fiscal Court's internal control over financial reporting and compliance.

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

- 2019-001 The Leslie County Jailer Did Not Maintain Adequate Accounting Records Resulting In Qualified Opinion On The Financial Statements
- 2019-002 The Leslie County Jailer Did Not Comply With Bidding Requirements Set Forth In KRS 424.260
- 2019-003 The Leslie County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliations
- 2019-004 The Leslie County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations
- 2019-005 The Leslie County Fiscal Court Did Not Follow Proper Bid Laws and Regulations
- 2019-006 The Leslie County Fiscal Court Did Not Have Strong Internal Controls Over Disbursements
- 2019-007 The Leslie County Fiscal Court Lacks Adequate Segregation Of Duties Over Payroll

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

September 22, 2021

LESLIE COUNTY OFFICIALS

For The Year Ended June 30, 2019

Fiscal Court Members:

William R. Lewis	County Judge/Executive
James Sizemore	Former County Judge/Executive
Bonnell Bentley	Magistrate
Russel D. Brock	Magistrate
Robert Napier	Magistrate
John Newell	Magistrate
Kenneth F. Smith	Former Magistrate
Brown Sizemore	Former Magistrate

Other Elected Officials:

Leroy Lewis	County Attorney
Danny Clark	Jailer
Onzie Sizemore	County Clerk
James Lewis	Former County Clerk
Carmolita Morgan-Pace	Circuit Court Clerk
Billy M. Collett	Sheriff
Delano Huff	Former Sheriff
Jeffery Boggs	Property Valuation Administrator
Jimmy Wooten	Former Property Valuation Administrator
Greg Walker	Coroner

Appointed Personnel:

Jennifer Bowling	County Treasurer
Mack Muncy	Former County Treasurer
Katherine Woods	Finance Officer
Nancy Roberts	Former Finance Officer
Katherine Woods	Occupational Tax Administrator
Serena Asher	Former Occupational Tax Administrator

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

For The Year Ended June 30, 2019

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

For The Year Ended June 30, 2019

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 731,665	\$	\$
In Lieu Tax Payments	108,820	80,959	
Excess Fees	51,716		
Licenses and Permits	102,058		
Intergovernmental	136,951	1,862,926	3,186,120
Charges for Services			32,164
Miscellaneous	122,460		97,011
Interest	255	405	273
Total Receipts	<u>1,253,925</u>	<u>1,944,290</u>	<u>3,315,568</u>
DISBURSEMENTS			
General Government	691,944		
Protection to Persons and Property	3,999		2,467,413
General Health and Sanitation	10,921	489,733	
Social Services			
Recreation and Culture	11,079		
Roads		2,044,697	
Debt Service			418,310
Administration	573,455	259,597	606,676
Total Disbursements	<u>1,291,398</u>	<u>2,794,027</u>	<u>3,492,399</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(37,473)</u>	<u>(849,737)</u>	<u>(176,831)</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	9,832		
Transfers From Other Funds	778,000	1,380,325	503,248
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)	<u>787,832</u>	<u>1,380,325</u>	<u>503,248</u>
Net Change in Fund Balance	750,359	530,588	326,417
Fund Balance - Beginning (Restated)	<u>330,294</u>	<u>581,317</u>	<u>357,933</u>
Fund Balance - Ending	<u>\$ 1,080,653</u>	<u>\$ 1,111,905</u>	<u>\$ 684,350</u>
Composition of Fund Balance			
Bank Balance	\$ 1,077,444	\$ 1,119,905	\$ 718,184
Payroll Revolving Account Reconciled Balance	9,832		
Less: Outstanding Checks	<u>(6,623)</u>	<u>(8,000)</u>	<u>(33,834)</u>
Fund Balance - Ending	<u>\$ 1,080,653</u>	<u>\$ 1,111,905</u>	<u>\$ 684,350</u>

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

LESLIE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Senior Citizens Fund	Flood Relief Fund	Local Government Economic Development Fund	E911 Fund	Debt Service Fund	Total Funds
\$	\$	\$	\$	\$ 220,219	\$ 619,704	\$ 1,571,588
						189,779
						51,716
						102,058
487,561	83,937	565,100	92,677	100,000	110,167	6,625,439
						32,164
						219,471
199		71	285	228	170	1,886
<u>487,760</u>	<u>83,937</u>	<u>565,171</u>	<u>92,962</u>	<u>320,447</u>	<u>730,041</u>	<u>8,794,101</u>
50,362						742,306
20,218			10,000	399,147		2,900,777
96,433			208,276			805,363
180,762	72,307					253,069
26,106					26,745	63,930
15,728					88,848	2,149,273
						418,310
159,403		5		136,759	560,500	2,296,395
<u>549,012</u>	<u>72,307</u>	<u>5</u>	<u>218,276</u>	<u>535,906</u>	<u>676,093</u>	<u>9,629,423</u>
<u>(61,252)</u>	<u>11,630</u>	<u>565,166</u>	<u>(125,314)</u>	<u>(215,459)</u>	<u>53,948</u>	<u>(835,322)</u>
						9,832
820						2,662,393
(87,204)		(1,283,228)	(788,713)		(503,248)	(2,662,393)
<u>(86,384)</u>		<u>(1,283,228)</u>	<u>(788,713)</u>		<u>(503,248)</u>	<u>9,832</u>
(147,636)	11,630	(718,062)	(914,027)	(215,459)	(449,300)	(825,490)
462,925	60,425	720,563	944,269	591,032	812,543	4,861,301
<u>\$ 315,289</u>	<u>\$ 72,055</u>	<u>\$ 2,501</u>	<u>\$ 30,242</u>	<u>\$ 375,573</u>	<u>\$ 363,243</u>	<u>\$ 4,035,811</u>
\$ 323,480	\$ 72,055	\$ 2,501	\$ 30,242	\$ 377,160	\$ 363,243	\$ 4,084,214
						9,832
(8,191)				(1,587)		(58,235)
<u>\$ 315,289</u>	<u>\$ 72,055</u>	<u>\$ 2,501</u>	<u>\$ 30,242</u>	<u>\$ 375,573</u>	<u>\$ 363,243</u>	<u>\$ 4,035,811</u>

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

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TO THE FINANCIAL STATEMENT**

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**LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Senior Citizens Fund - The primary purpose of this fund is to operate the Senior Citizens Center. The primary source of receipts is from USDA federal grants received from the Kentucky River Area Development District (KRADD).

Flood Relief Fund - The purpose of this fund is to account for flood repair reimbursements funded by the Federal Emergency Management Agency (FEMA).

Local Government Economic Development Fund - The purpose of this fund is to account for projects funded by Local Government Economic Development funds. The primary source of receipts is grants received from the Department for Local Government.

E911 Fund - The purpose of this fund is to operate the E911 Communication Center.

Debt Service Fund - The purpose of this fund is to separately account for receipts used to satisfy long-term debt requirements for jail improvement projects and other disbursements.

D. Budgetary Information

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

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

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

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Leslie County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

Note 2. Deposits

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

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2019, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2019.

	LGEA Fund	Flood Relief Fund	LGED Fund	Debt Service Fund	Total Transfers In
General Fund	\$	\$	\$ 778,000	\$	\$ 778,000
Road Fund	87,204	1,283,228	9,893		1,380,325
Jail Fund				503,248	503,248
LGEA Fund			820		820
Total Transfers Out	<u>\$ 87,204</u>	<u>\$ 1,283,228</u>	<u>\$ 788,713</u>	<u>\$ 503,248</u>	<u>\$ 2,662,393</u>

Reason for transfers:

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

Note 4. Long-term Debt

A. Direct Borrowings and Direct Placements

1. General Obligation Refunding Lease, Series 2014B

On August 28, 2014, the Leslie County Fiscal Court entered into a General Obligation Refunding Lease Agreement, Series 2014B, with Kentucky Association of Counties Finance Corporation to advance refund the General Obligation Improvement Bonds, Series 2006 and the KADD Financing Trust. The total principal was \$1,540,000 and requires annual principal payments due on December 20 beginning December 20, 2014 for a period of twenty years. Interest payments are due semi-annually at rates ranging from 3.0% and 3.50%, due on June 20 and December 20 beginning on December 20, 2012, for a period of twenty years. The lease contains provisions that in an event of default occurs and continues beyond thirty days (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4 (G), the non-defaulting party to any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Corporation Bonds, the non-defaulting party available in any proceeding to enforce this agreement shall be an action of mandamus, for specific performance or similar remedy to compel performance. Future principal and interest requirements are:

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 4. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. General Obligation Refunding Lease, Series 2014B (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 55,000	\$ 42,100
2021	60,000	40,237
2022	60,000	38,288
2023	65,000	36,262
2024	65,000	31,413
2025-2029	375,000	136,369
2030-2034	455,000	65,437
2035	100,000	3,000
Totals	<u>\$ 1,235,000</u>	<u>\$ 393,106</u>

2. General Obligation Refunding Lease, Series 2014C

On August 28, 2014, the Leslie County Fiscal Court entered into a General Obligation Refunding Lease Agreement, Series 2014C, with Kentucky Association of Counties Finance Corporation to advance refund the General Obligation Improvement Bonds, Series 2005. The total principal was \$4,785,000 and requires annual principal payments due on December 20 beginning December 20, 2014 for a period of twenty years. Interest payments are due semi-annually at rates ranging from 3% to 3.5% due on June 20 and December 20 beginning on December 20, 2014 for a period of twenty years. The lease contains provisions that in an event of default the following (a) By appropriate court actions, enforce the pledge set forth in Section 2 of the ordinance and Section 11 of this Lease so that the remaining lease term there is levied on all the taxable property in the Lessee, in addition to all other taxes, without limitation as the rate or amount, a direct tax annually in the amount sufficient to pay the lease rental payments when and as due (b) take legal title to, and sell or re-lease the project or any portion thereof (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under the lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the Lessee of the applicable covenants and agreements of the Lessee under this Lease (subject, however, to the limitations thereon contained in this Lease) an to recover damages for the breach thereof. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2020	\$ 185,000	\$ 128,502
2021	195,000	122,433
2022	200,000	116,117
2023	205,000	109,643
2024	215,000	96,313
2025-2029	1,155,000	409,647
2030-2034	1,380,000	193,189
2035	310,000	8,253
Totals	<u>\$ 3,845,000</u>	<u>\$ 1,184,097</u>

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 4. Long-term Debt (Continued)

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 5,320,000	\$	\$ 240,000	\$ 5,080,000	\$ 240,000
Total Long-term Debt	<u>\$ 5,320,000</u>	<u>\$ 0</u>	<u>\$ 240,000</u>	<u>\$ 5,080,000</u>	<u>\$ 240,000</u>

Note 5. Employee Retirement System

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

The county's contribution for FY 2017 was \$547,506, FY 2018 was \$590,412, and FY 2019 was \$600,337.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for nonhazardous employees was 21.48 percent.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

Note 6. Deferred Compensation

On January 27, 2016, the Leslie County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

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

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

LESLIE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Flexible Spending Account

The Leslie County Fiscal Court, established a flexible spending account in 2010 to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$1,500 each year to go toward employees' deductible. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$696.

Note 8. Insurance

For the fiscal year ended June 30, 2019, the Leslie County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2019, in the amount of \$9,832, was added to the general fund cash balance for financial reporting purposes.

Note 10. Prior Period Adjustment

The general fund balance beginning balance was restated due to prior year voided checks.

Beginning Balance	\$ 329,744
Prior Year Voided Checks	<u>550</u>
Beginning Balance Restated	<u><u>\$ 330,294</u></u>

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LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

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LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 707,664	\$ 707,664	\$ 731,665	\$ 24,001
In Lieu Tax Payments	109,675	109,675	108,820	(855)
Excess Fees	36,584	36,584	51,716	15,132
Licenses and Permits	86,345	86,345	102,058	15,713
Intergovernmental	142,934	142,934	136,951	(5,983)
Miscellaneous	63,626	63,626	122,460	58,834
Interest	200	200	255	55
Total Receipts	<u>1,147,028</u>	<u>1,147,028</u>	<u>1,253,925</u>	<u>106,897</u>
DISBURSEMENTS				
General Government	850,202	914,843	691,944	222,899
Protection to Persons and Property	4,000	4,000	3,999	1
General Health and Sanitation	7,500	11,000	10,921	79
Recreation and Culture	25,000	25,000	11,079	13,921
Administration	1,210,326	999,908	573,455	426,453
Total Disbursements	<u>2,097,028</u>	<u>1,954,751</u>	<u>1,291,398</u>	<u>663,353</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(950,000)</u>	<u>(807,723)</u>	<u>(37,473)</u>	<u>770,250</u>
Other Adjustments to Cash (Uses)				
Payroll Revolving Account			9,832	9,832
Transfers From Other Funds	<u>775,000</u>	<u>775,000</u>	<u>778,000</u>	<u>3,000</u>
Total Other Adjustments to Cash (Uses)	<u>775,000</u>	<u>775,000</u>	<u>787,832</u>	<u>12,832</u>
Net Change in Fund Balance	(175,000)	(32,723)	750,359	783,082
Fund Balance - Beginning (Restated)	<u>175,000</u>	<u>175,000</u>	<u>330,294</u>	<u>155,294</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 142,277</u>	<u>\$ 1,080,653</u>	<u>\$ 938,376</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 109,267	\$ 109,267	\$ 80,959	\$ (28,308)
Intergovernmental	1,319,325	1,319,325	1,862,926	543,601
Interest	475	475	405	(70)
Total Receipts	<u>1,429,067</u>	<u>1,429,067</u>	<u>1,944,290</u>	<u>515,223</u>
DISBURSEMENTS				
General Health and Sanitation		489,733	489,733	
Roads	1,770,800	2,329,664	2,044,697	284,967
Administration	357,967	342,264	259,597	82,667
Total Disbursements	<u>2,128,767</u>	<u>3,161,661</u>	<u>2,794,027</u>	<u>367,634</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(699,700)</u>	<u>(1,732,594)</u>	<u>(849,737)</u>	<u>882,857</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>94,700</u>	<u>94,700</u>	<u>1,380,325</u>	<u>1,285,625</u>
Total Other Adjustments to Cash (Uses)	<u>94,700</u>	<u>94,700</u>	<u>1,380,325</u>	<u>1,285,625</u>
Net Change in Fund Balance	(605,000)	(1,637,894)	530,588	2,168,482
Fund Balance - Beginning	<u>605,000</u>	<u>605,000</u>	<u>581,317</u>	<u>(23,683)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,032,894)</u>	<u>\$ 1,111,905</u>	<u>\$ 2,144,799</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,900,772	\$ 2,900,772	\$ 3,186,120	\$ 285,348
Charges for Services	18,128	18,128	32,164	14,036
Miscellaneous	98,310	98,310	97,011	(1,299)
Interest	190	190	273	83
Total Receipts	<u>3,017,400</u>	<u>3,017,400</u>	<u>3,315,568</u>	<u>298,168</u>
DISBURSEMENTS				
Protection to Persons and Property	2,416,350	2,676,178	2,467,413	208,765
Debt Service	418,310	418,310	418,310	
Administration	926,050	666,222	606,676	59,546
Total Disbursements	<u>3,760,710</u>	<u>3,760,710</u>	<u>3,492,399</u>	<u>268,311</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(743,310)</u>	<u>(743,310)</u>	<u>(176,831)</u>	<u>566,479</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	418,310	418,310	503,248	84,938
Total Other Adjustments to Cash (Uses)	<u>418,310</u>	<u>418,310</u>	<u>503,248</u>	<u>84,938</u>
Net Change in Fund Balance	(325,000)	(325,000)	326,417	651,417
Fund Balance - Beginning	<u>325,000</u>	<u>325,000</u>	<u>357,933</u>	<u>32,933</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 684,350</u>	<u>\$ 684,350</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 553,487	\$ 553,487	\$ 487,561	\$ (65,926)
Interest	250	250	199	(51)
Total Receipts	<u>553,737</u>	<u>553,737</u>	<u>487,760</u>	<u>(65,977)</u>
DISBURSEMENTS				
General Government	70,077	70,077	50,362	19,715
Protection to Persons and Property	21,711	21,711	20,218	1,493
General Health and Sanitation	120,428	120,823	96,433	24,390
Social Services	227,420	232,462	180,762	51,700
Recreation and Culture	35,000	35,000	26,106	8,894
Roads	25,000	25,000	15,728	9,272
Administration	409,401	283,888	159,403	124,485
Total Disbursements	<u>909,037</u>	<u>788,961</u>	<u>549,012</u>	<u>239,949</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(355,300)</u>	<u>(235,224)</u>	<u>(61,252)</u>	<u>173,972</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			820	820
Transfers To Other Funds	(94,700)	(94,700)	(87,204)	7,496
Total Other Adjustments to Cash (Uses)	<u>(94,700)</u>	<u>(94,700)</u>	<u>(86,384)</u>	<u>8,316</u>
Net Change in Fund Balance	(450,000)	(329,924)	(147,636)	182,288
Fund Balance - Beginning	<u>450,000</u>	<u>450,000</u>	<u>462,925</u>	<u>12,925</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 120,076</u>	<u>\$ 315,289</u>	<u>\$ 195,213</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	SENIOR CITIZENS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 86,304	\$ 86,304	\$ 83,937	\$ (2,367)
Total Receipts	<u>86,304</u>	<u>86,304</u>	<u>83,937</u>	<u>(2,367)</u>
DISBURSEMENTS				
Social Services	93,482	93,482	72,307	21,175
Administration	47,822	47,822		47,822
Total Disbursements	<u>141,304</u>	<u>141,304</u>	<u>72,307</u>	<u>68,997</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(55,000)</u>	<u>(55,000)</u>	11,630	66,630
Net Change in Fund Balance	(55,000)	(55,000)	11,630	66,630
Fund Balance - Beginning	<u>55,000</u>	<u>55,000</u>	<u>60,425</u>	<u>5,425</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 72,055</u>	<u>\$ 72,055</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	FLOOD RELIEF FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$	\$ 565,100	\$ 565,100
Interest	400	400	71	(329)
Total Receipts	<u>400</u>	<u>400</u>	<u>565,171</u>	<u>564,771</u>
DISBURSEMENTS				
Administration	<u>720,925</u>	<u>5</u>	<u>5</u>	
Total Disbursements	<u>720,925</u>	<u>5</u>	<u>5</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(720,525)</u>	<u>395</u>	<u>565,166</u>	<u>564,771</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			<u>(1,283,228)</u>	<u>(1,283,228)</u>
Total Other Adjustments to Cash (Uses)			<u>(1,283,228)</u>	<u>(1,283,228)</u>
Net Change in Fund Balance	(720,525)	395	(718,062)	(718,457)
Fund Balance - Beginning	<u>720,525</u>	<u>720,525</u>	<u>720,563</u>	<u>38</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 720,920</u>	<u>\$ 2,501</u>	<u>\$ (718,419)</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$	\$ 92,677	\$ 92,677
Interest	100	100	285	185
Total Receipts	100	100	92,962	92,862
DISBURSEMENTS				
Protection to Persons and Property		10,000	10,000	
General Health and Sanitation	171,560	235,061	208,276	26,785
Administration	194	194		194
Total Disbursements	171,754	245,255	218,276	26,979
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(171,654)	(245,155)	(125,314)	119,841
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(775,000)	(775,000)	(788,713)	(13,713)
Total Other Adjustments to Cash (Uses)	(775,000)	(775,000)	(788,713)	(13,713)
Net Change in Fund Balance	(946,654)	(1,020,155)	(914,027)	106,128
Fund Balance - Beginning	946,654	946,654	944,269	(2,385)
Fund Balance - Ending	\$ 0	\$ (73,501)	\$ 30,242	\$ 103,743

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 236,197	\$ 236,197	\$ 220,219	\$ (15,978)
Intergovernmental			100,000	100,000
Interest	250	250	228	(22)
Total Receipts	<u>236,447</u>	<u>236,447</u>	<u>320,447</u>	<u>84,000</u>
DISBURSEMENTS				
Protection to Persons and Property Administration	358,986	470,651	399,147	71,504
	497,461	385,796	136,759	249,037
Total Disbursements	<u>856,447</u>	<u>856,447</u>	<u>535,906</u>	<u>320,541</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(620,000)</u>	<u>(620,000)</u>	<u>(215,459)</u>	<u>404,541</u>
Net Change in Fund Balance	(620,000)	(620,000)	(215,459)	404,541
Fund Balance - Beginning	<u>620,000</u>	<u>620,000</u>	<u>591,032</u>	<u>(28,968)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 375,573</u>	<u>\$ 375,573</u>

LESLIE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	DEBT SERVICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 589,000	\$ 589,000	\$ 619,704	\$ 30,704
Intergovernmental			110,167	110,167
Interest	160	160	170	10
Total Receipts	<u>589,160</u>	<u>589,160</u>	<u>730,041</u>	<u>140,881</u>
DISBURSEMENTS				
Recreation and Culture	25,000	26,746	26,745	1
Roads	98,000	98,000	88,848	9,152
Administration	710,850	585,982	560,500	25,482
Total Disbursements	<u>833,850</u>	<u>710,728</u>	<u>676,093</u>	<u>34,635</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(244,690)</u>	<u>(121,568)</u>	<u>53,948</u>	<u>175,516</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(418,310)</u>	<u>(418,310)</u>	<u>(503,248)</u>	<u>(84,938)</u>
Total Other Adjustments to Cash (Uses)	<u>(418,310)</u>	<u>(418,310)</u>	<u>(503,248)</u>	<u>(84,938)</u>
Net Change in Fund Balance	(663,000)	(539,878)	(449,300)	90,578
Fund Balance - Beginning	<u>663,000</u>	<u>663,000</u>	<u>812,543</u>	<u>149,543</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 123,122</u>	<u>\$ 363,243</u>	<u>\$ 240,121</u>

LESLIE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

Note 1. Budgetary Information

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

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

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

**LESLIE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2019

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LESLIE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 366,800	\$	\$	\$ 366,800
Buildings	13,654,599			13,654,599
Vehicles and Equipment	1,338,840	14,025		1,352,865
Other Equipment	2,321,551			2,321,551
Infrastructure	11,820,815	1,220,446		13,041,261
Total Capital Assets	<u>\$ 29,502,605</u>	<u>\$ 1,234,471</u>	<u>\$ 0</u>	<u>\$ 30,737,076</u>

LESLIE COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2019

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 50,000	10-20
Land	All	
Buildings	All	25-40
Other Equipment	5,000	5-20
Vehicles and Equipment	5,000	5-10
Infrastructure	50,000	5-50

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable William R. Lewis, Leslie County Judge/Executive
The Honorable Jimmy Sizemore, Former Leslie County Judge/Executive
Members of the Leslie County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Leslie County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Leslie County Fiscal Court's financial statement and have issued our report thereon dated September 22, 2021. In that report, our opinion is modified due to the accounting records of the jail commissary fund not being adequate or accounted for properly.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, and 2019-007 to be material weaknesses.



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

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2019-006 to be a significant deficiency.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Leslie County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2019-001, 2019-002, and 2019-005.

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

September 22, 2021

**LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2019

FINANCIAL STATEMENT FINDINGS:

2019-001 The Leslie County Jailer Did Not Maintain Adequate Accounting Records Resulting In A Qualified Opinion On The Financial Statement

The Leslie County Jail Commissary operates two bank accounts for the operation of the jail commissary, one for inmates and another for profits. The inmate account is to be used for the holding of inmate funds and the other is to be used for the proceeds from the sale of commissary items and purchases of the commissary account for other lawful purposes.

The Leslie County Jailer is required to present a financial statement for commissary activity to the fiscal court at the end of each fiscal year. The jailer did not present a financial statement for fiscal year 2019 as required by the Department for Local Government's *Budget Preparation and State Local Finance Officer Policy Manual*. The jailer later provided a financial statement to auditors, but due to inconsistencies in the information, we were unable to rely on what was provided. Queries in the accounting software for financial information for the period under audit would yield different results at different times requested. Because of the unreliability of financial statement amounts without adequate support to explain why amounts would change, auditors were unable to overcome the audit risk with procedures.

In addition, the jailer provided auditors a financial statement for the inmate account, but no underlying accounting records could be provided to support financial statement amounts.

The jailer did not have sufficient internal controls over the financial reporting processes that would ensure the financial statements amounts are accurate and consistent. According to the jailer, the financial statements were prepared by a vendor that provides accounting software used for accounting of activity of the inmate account. In addition, the jailer was unable to provide an explanation for the inconsistencies in the financial statements for the commissary fund.

As a result, auditors were not able to obtain sufficient appropriate audit evidence to conclude that the financial statement for the jail commissary and the inmate account was free from material misstatement. Because a financial statement was not presented to the fiscal court, the jailer was not in compliance with reporting requirements established by the Department for Local Government.

Strong internal controls require that the jailer maintain accurate accounting records for any fund held by him as jailer. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which are to be used by jailers for jail commissary funds maintained pursuant to KRS 441.135. KRS 441.135(2) states, in part, "[t]he jailer shall keep books of accounts of all receipts and disbursements from the canteen and shall annually report to the county treasurer on the canteen account."

We recommend the Leslie County Jailer implement strong oversight, internal controls, supervision, and review to ensure receipts are batched and deposited daily. The jailer should comply with the applicable statutes by maintaining required records. The jailer should submit an accurate annual commissary report to the county treasurer at year-end that includes all receipts and disbursements and reconciles to the receipts and disbursements ledgers. In addition, the jailer should implement procedures to ensure that all activity of the inmate account is supported by accounting records that are appropriate and accurate.

LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-001 The Leslie County Jailer Did Not Maintain Adequate Accounting Records Resulting In A Qualified Opinion On The Financial Statement (Continued)

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: In an effort to determine the discrepancies in the Cash Flow Summaries for the 2019 Fiscal Year ("Attachment 1" and Attachment 2"), the Jailer contacted [software name redacted] Customer Support. It was determined that a system update was conducted by [software name redacted] on July 1, 2021, updating from the 2019 version of [software name redacted] to the current version. The inflow/outflow sections of September 22, 2021 report became more detailed and larger ("Attachment 2"), while the inflow/outflow totals remained the same on both reports (\$179,101.31). It is believed by the Jailer and [software name redacted] that the discrepancies between the two Cash Flow Summaries are most likely attributed to the system update conducted on July 1, 2021 (See, "Attachment 3"). Also, per the [software name redacted] representative, sometime around the end of 2020, the Cash Flow Summary was modified by [software name redacted] to fix "a couple of bugs that were found in that report", which could have changed the transactions reported (Also See, "Attachment 4"). It is the belief of the Jailer and [software name redacted] that the differences in these reports could have been the result of the update and/or the bugs, but mostly likely the update in July 2021.

The Jailer will continue to comply with any recommend procedures to ensure all activity is supported by accounting records, and an accurate year-end report will be provided to the Leslie County Treasurer.

Auditor's Reply: We reviewed the attachments noted in the jailer's response and it does not change our finding and recommendations.

2019-002 The Leslie County Jailer Did Not Comply With Bidding Requirements Set Forth In KRS 424.260

This is a repeat finding and was included in the prior year audit report as finding 2018-007. The jailer purchased electronic cigarettes for use as commissary inventory from three vendors totaling \$112,614 in fiscal year ending June 30, 2019, without obtaining bids. Because electronic cigarettes were purchased from three separate vendors, the jailer was unaware of the requirement to obtain bids for this item. The jailer cannot be sure that electronic cigarettes were procured at the best price available without obtaining bids.

KRS 424.260(1) states, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids." Strong internal controls require that all invoices and contracts be maintained and reviewed to ensure that he county is paying the best and lowest price for goods/services.

We recommend the jailer comply with KRS 424.260 by obtaining bids for all purchases involving expenditures of more than \$30,000 except for those items exempted in the statute and the jailer ensure that any future state price contract purchases are reviewed thoroughly and adequate documentation is maintained.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: Since the previous audit, the Leslie County Jailer has complied with the bidding requirements set forth in KRS 424.260, and has had all contracts approved by the Fiscal Court.

LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-003 The Leslie County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliations

The Leslie County Jail Commissary bookkeeper's duties include posting receipts, preparing and posting disbursements, and completing the bank reconciliations. When one employee is responsible for the receipt, disbursement, and reconciliation of funds, the risk of misappropriation of assets, errors, and inaccurate financial reporting increases. The Leslie County Jailer has implemented compensating controls over these functions by having another employee review daily checkout sheets, reviewing bank reconciliations, reviewing invoices, and the jailer co-signs all checks. However, due to issues related to finding 2019-001, the compensating controls in place are not operating effectively.

Due to a limited number of staff in the jail commissary, segregation of duties is not feasible. As a result, this could result in undetected misappropriation of assets and/or incorrect financial reporting.

Effective internal controls require proper segregation of duties over accounting functions, such as making deposits, preparing disbursements, and reconciling the bank account. Segregation of duties, or the implementation of compensating controls, is essential for providing protection to employees in the normal course of performing their daily responsibilities.

We recommend the Leslie County Jailer segregate duties over receipts, disbursements, and the reconciliation process. If segregation of duties is not possible, then the Leslie County Jailer should continue to implement compensating controls by monitoring the financial activities of the jail commissary and continue to document his review.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: This department has been consulted about the importance of maintaining proper records and accounting information. Additional training is being sought for the correction of these problems. Furthermore, the Jailer will comply with any recommended procedures to ensure all activity is supported by accounting records, and an accurate year-end report will be provided to the Leslie County Treasurer.

2019-004 The Leslie County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations

This is a repeat finding and was included in the prior year audit report as finding 2018-001. The Leslie County Fiscal Court does not have adequate segregation of duties over receipts, disbursements, and reconciliations. The county treasurer is responsible for preparing deposits, posting to the receipts and disbursements ledgers, signing checks, reconciling all bank accounts, preparing monthly reports for the fiscal court and quarterly reports for Department for Local Government with little or no documented review.

A limited budget places restrictions on the number of employees the fiscal court can hire. When faced with a limited number of staff, strong compensating controls should have been implemented to offset the lack of segregation of duties. A lack of oversight could result in undetected misappropriation of assets an inaccurate financial reporting to external agencies such as the Department of Local Government. Segregation of duties over various accounting functions, such as opening mail, collecting receipts, preparing bank deposits, posting receipts and disbursements, preparing reports and reconciliations, or the implementation of compensating controls, when needed because the number of staff is limited is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-004 The Leslie County Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations (Continued)

We recommend the fiscal court separate the duties involving the opening of mail, collecting and depositing of receipts, posting receipts, disbursements, and preparation of reports and reconciliations. If this is not feasible due to a limited budget, strong oversight over these areas could occur and involve an employee that isn't currently performing any of those functions. Additionally, the county judge/executive could provide this oversight and document it on the appropriate source documents.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: A new financial software has been implemented. This has allowed designated employees and Treasurer to review and obtain any financial documents anytime including all financial reports, reconciliations, receipts ledgers, and expenditure ledgers.

2019-005 The Leslie County Fiscal Court Did Not Follow Proper Bid Laws And Regulations

This is a repeat finding and was included in the prior year audit report as finding 2018-003. The Leslie County Fiscal Court did not properly follow proper bid laws and regulations.

- Two payments were made for road and bridge repairs that totaled \$50,800 to one vendor without receiving any submitted bids.
- Two payments were made for the cleanup of illegal dumps that totaled \$110,751 to one vendor without receiving any submitted bids.
- Bids submitted for steel driving were rejected and rebid, however no one rebid. During testing it was found that one vendor received \$451,597, but did not have an accepted bid in place.
- Bids submitted for asphalt were rejected and rebid, however no one rebid. During testing it was found that one vendor received \$768,849, but did not have an accepted bid in place.

Sufficient internal controls were not in place over the bidding process to ensure items and services were not purchased from vendors without first advertising or receiving bids when necessary on all purchases required to be bid. By limiting competition or not receiving bids at all, fiscal court may not get the benefits of the best price available. Competitive bidding ensures the fiscal court procures equipment and services at the best price available.

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

KRS 178.140 states, "(1) All bids for the construction or maintenance of county roads and bridges shall be received at the time and placed specified in the advertisement, and shall be opened publicly at the time of awarding, and the amount of items comprising each bid shall be publicly announced. (2) The contract shall be awarded to the lowest and best bidder, who shall furnish satisfactory security in an amount equal to the amount of the contract in question, to be approved by the county judge/executive of the county."

LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-005 The Leslie County Fiscal Court Did Not Follow Proper Bid Laws And Regulations (Continued)

We recommend the fiscal court ensure any purchases over \$30,000 or more are bid in compliance with KRS 424.260 and ensure they obtain supporting documentation that bid terms are complied with.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court has consulted with the County Attorney to become more familiar with proper requirements to avoid improper bidding. Since that time all bids have complied with proper bid laws and regulations.

2019-006 The Leslie County Fiscal Court Did Not Have Strong Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2018-006. Proper procedures were not followed over disbursements, supporting documentation was not maintained and appropriate, haul tickets were not maintained for asphalt, and fiscal court was not properly approving invoices. The following exceptions were noted:

- Thirteen credit card charges did not have an itemized receipt or invoice.
- The asphalt invoices tested were missing haul tickets. Vendor would supply invoice with the total amount of blacktop per road, no one reviewed to make sure all loads charged goes to the county job site.
- Eleven invoices tested were not paid within 30 business days. One credit card invoice included interest of \$24, however the county did not pay the interest.
- Two invoices and one credit card invoice were paid and then listed on the Nunc Pro Tunc list for approval by fiscal court.
- Three instances where purchases on the credit card bill were not paid

As a result of not monitoring controls in place, it allowed for the deficiencies to occur. These deficiencies could result in inaccurate reporting and misappropriation of assets.

The Department for Local Government, 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 should be made by check only. In addition, good internal controls require original supporting documentation be maintained for all disbursements.

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

KRS 68.275 states, in part, “(2) The county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid. (3) The fiscal court may adopt an order, called a standing order, to preapprove the payment of recurrent monthly payroll and utility expenses. No other expenses shall be preapproved pursuant to this subsection without the written consent of the state local finance officer...”

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

LESLIE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-006 The Leslie County Fiscal Court Did Not Have Strong Internal Controls Over Disbursements
 (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Each department has been consulted regarding the importance of obtaining proper receipts, invoices, etc. to comply with proper procedures.

2019-007 The Leslie County Fiscal Court Lacks Adequate Segregation Of Duties Over Payroll

This is a repeat finding and was included in the prior year audit report as finding 2018-008. The Leslie County Fiscal Court does not have adequate segregation of duties over payroll. The county treasurer receives the timesheet, enters the hours into the payroll system, prints and signs checks, prepares and submits all payroll related reports such as retirement and payroll withholdings. In addition, the treasurer maintains records for leave and sick time earned and used by employees. These payroll process are completed with little to no documented reviews.

The fiscal court and county judge executive failed to develop adequate segregate of duties over the payroll process and reporting functions and did not implement adequate oversight regarding the payroll process. The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government.

Segregation of duties over various payroll functions, such as entering employees' time into the payroll system, processing payroll, printing checks, and preparing and submitting all payroll and payroll related reports or the implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the fiscal court separate the payroll process, printing and signing checks, and preparing and submitting all payroll and payroll related reports. If segregation of duties is not possible, due to the limited number of staff, strong oversight should be implemented. The employee providing this oversight should document his or her review by initialing all source documentation. Additionally, the county judge/executive could provide this oversight and document it on the appropriate source documents.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: All time sheets are reviewed by each supervisor prior to submission to office. All time sheets are reviewed by office personnel for review of usage for sick time and vacation time. A new system has been created to track all sick and vacation time for each employee. This allows all employees an accurate record of their vacation and sick time available and the dates when such days were taken. All administrative office personnel have access to this information to be able to distribute accordingly as requested.

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

LESLIE COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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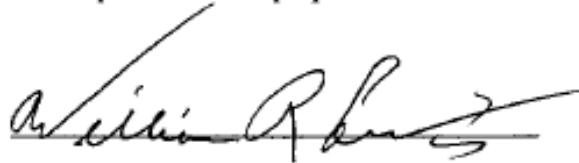
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

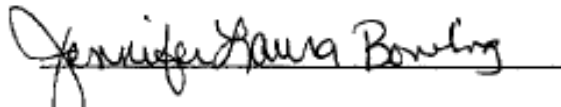
LESLIE COUNTY FISCAL COURT

For The Year Ended June 30, 2019

The Leslie 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.



County Judge/Executive



County Treasurer