

**Examination of Certain Policies, Procedures, Controls, and  
Financial Activity of the Garrett Fire District and  
Garrett Area Volunteer Fire Department**



**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**  
[www.auditor.ky.gov](http://www.auditor.ky.gov)

**209 ST. CLAIR STREET**  
**FRANKFORT, KY 40601-1817**  
**TELEPHONE (502) 564-5841**  
**FACSIMILE (502) 564-2912**



---

---

The Auditor Of Public Accounts Ensures That Public Resources Are Protected, Accurately Valued, Properly Accounted For, And Effectively Employed To Raise The Quality Of Life Of Kentuckians.

---

---



---

# Table of Contents

---

	<b>TRANSMITTAL LETTER</b>	
	<b>EXECUTIVE SUMMARY</b> .....	i
<b>Chapter 1</b>	<b>Introduction and Background</b> .....	1
<b>Chapter 2</b>	<b>Findings and Recommendations</b> .....	3
<b>Appendices</b>	<b>1. Restaurant Charges Placed On Department Debit Card</b> .....	38
	<b>2. Restaurant Charges Placed On District Credit Card</b> .....	66
	<b>3. Additional Personal Purchases Placed On the Department’s Store Charge Account</b> .....	69
	<b>4. Questionable Credit Card Charges, Excluding Restaurant and Super Store Purchases</b> .....	72
<b>Exhibits</b>	<b>1. Lock Box Payment History</b> .....	73
	<b>2. Former Assistant Chief/Treasurer Letter to Internal Revenue Service</b> .....	74
	<b>Garrett Fire District and Garrett Area Volunteer Fire Dept. Response</b> .....	75





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

October 30, 2012

Danny O'Quinn, Board Chair  
Garrett Fire District  
P.O. Box 62  
Garrett, Kentucky 41630

RE: Findings and Recommendations

Dear Mr. O'Quinn:

We have completed our Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Garrett Fire District (District) and Garrett Area Volunteer Fire Department (Department). This examination was initiated due to concerns received by this office from the District Board and Department Chief.

In performing this examination, we requested financial records from the District and Department, including, but not limited to, bank statements for all District and Department bank accounts, cancelled checks or electronic check images, deposit slips, District and Department meeting minutes with any corresponding financial reports, and formal written financial policies and procedures. We also interviewed various Department members including the Chief and current Assistant Chief to gain a better understanding of financial oversight practices. The period reviewed during this examination was determined based on the concerns of the District and Department leadership. The period examined for most records was July 2007 through February 2008, unless otherwise specified. The date that certain documents were examined varied due to the availability of the records. The report identifies 17 findings and offers over 70 recommendations to strengthen the District's management and oversight practices.

Due to the nature of certain findings discussed within this report, we are referring these issues to the Kentucky State Police to determine whether further investigation by that office is warranted.

209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841  
FACSIMILE 502.564.2912  
WWW.AUDITOR.KY.GOV

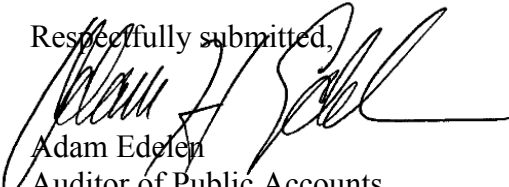
AN EQUAL OPPORTUNITY EMPLOYER M/F/D



Mr. O'Quinn  
October 30, 2012  
Page 2

The Auditor of Public Accounts requests a report from the District on the implementation of the examination recommendations within (60) days of the completion of the final report. If you wish to discuss this report further, please contact me or Brian Lykins, Executive Director of the Office of Technology and Special Audits.

Respectfully submitted,



Adam Edelen  
Auditor of Public Accounts





## **Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Garrett Fire Department**

### **Examination Objectives**

On March 21, 2012, the Auditor of Public Accounts (APA) received a request from Board members of the Garrett Fire District (District) and the Chief of the Garrett Area Volunteer Fire Department (Department) to examine their accounts as they suspected misuse of funds. On March 30, 2012, our office responded stating that we would perform an examination of selected financial activities that address the various concerns of the District and Department and that the examination would be performed in cooperation with the Kentucky State Police (KSP).

To accomplish this examination, the following objectives were developed:

- Examine District and Department financial policies, procedures, and internal controls;
- Examine the District and Department procurement process and oversight related to its operations;
- Examine payments and other financial activities of the District and Department to determine whether payments and funds withdrawn from accounts were appropriate, sufficiently documented, and properly monitored.

To address these objectives, the APA requested various records from the District and Department, including, but not limited to, bank statements for all District and Department bank accounts, cancelled checks or electronic check images, deposit slips, District and Department meeting minutes with any corresponding financial reports, and formal written financial policies and procedures. The period reviewed during this examination was determined based on the concerns of the District Board and the Department Chief. The period examined for most records was July 2007 through February 2008, unless otherwise specified. The date that certain documents were examined varied due to the availability of the records.

### **Background**

The Garrett Area Volunteer Fire Department, Inc. located in Garrett, Kentucky, was officially

incorporated on November 10, 1981. Its original by-laws, established on January 6, 1982, state that the Department may consist of one or more companies and shall consist of not less than 15 members but may include as many members as needed by the Department.

The Garrett Fire District is a special taxing district created under Kentucky Revised Statute (KRS) 75. As a special taxing district, it is authorized to impose an ad valorem tax on property.

Officers of the Department consist of:

- One chief;
- One assistant chief;
- One secretary-treasurer;
- Three lieutenants; and,
- Five sergeants.

The officers are elected by the majority of the membership annually at the first regular meeting of the calendar year. The terms officers serve are not limited by the by-laws and there is no restriction imposed to prevent one individual from serving in more than one position on the Board.

The Chief presides over all meetings of the Department and is in charge of all personnel and equipment while on duty. In the Chief's absence, the Assistant Chief or Captains are to discharge all duties of the Chief. The Secretary-Treasurer is in charge of the Board meeting minutes, books, records, and papers belonging to the Department. The Secretary-Treasurer is to also keep an accurate record of financial matters of the Department. The by-laws allow the officers of the Department the power to "invest all monies over \$100.00 belonging to the department, when there is no time to consult the membership."

The by-laws also authorize the Chief, the Assistant Chief, and the Secretary-Treasurer to "purchase necessary supplies or make necessary repairs (sic), within a reasonable amount and present their expense account at the next meeting."

The business and affairs of the District are conducted by its Board of Trustees, which is composed of seven members. The duties and powers of the District are established in KRS 75.040. The seven member board composition includes:

- Three (3) trustees appointed by the county judge/executive;
- Two (2) trustees elected by the members of the district firefighters; and,
- Two (2) trustees elected by property owners who own real or personal property in the taxing district.

## **Findings and Recommendations**

### *Questionable Expenditure Findings*

Auditors identified over \$123,000 in questionable expenditures including, but not limited to, over \$62,000 in questionable cash withdrawals, \$16,500 in restaurant charges, \$8,250 in checks written to the former Assistant Chief/Treasurer, potentially over \$12,950 spent on vendor gift cards, \$1,950 in donations, and \$839 on fireworks. These expenditures, along with several other questionable purchases, were made from both District and Department funds. The business purposes of these expenditures are unknown and indicate a gross abuse of funds, as well as a significant lack of policies and internal controls over financial activities.

#### **Finding 1: Over \$62,000 in questionable cash withdrawals were made from District and Department accounts.**

Auditors found thousands of dollars in cash or “undesigned” withdrawals made from District and Department funds for either unknown or questionable purposes. The examination of financial records identified over \$39,000 in ATM withdrawals and over \$23,000 in checking and savings withdrawals, all with no supporting documentation or adequate explanation.

**Recommendations:** We recommend the District Board and Department membership consider disallowing the use of debit cards on District and Department bank accounts. If the District Board and Department membership determine that they will continue to allow the use of a debit card, we recommend the Board and membership develop a formal written policy specifying restrictions set on the use of the card, as well as a requirement for submitting and maintaining receipts to support the charge or withdrawal made through the use of the card. At a minimum, we strongly recommend the policy disallow

ATM cash withdrawals, unless necessary in an emergency. Any event requiring the use of a debit card must be formally documented in detail and receipts must be required, retained, and available for Board review. See recommendations made for Finding 2 for additional recommendations for a procurement and credit card usage policy.

#### **Finding 2: Over \$22,000 in District funds were used to pay charges on unauthorized store charge account.**

Between November 2007 and February 2012, over \$22,000 of District funds were used to make payments on a store credit card account held in the name of the Department. Based on auditors’ review of available District and Department records and interviews with various Department members, the total amount expended is considered questionable due to a lack of sufficient support, lack of authorization for the charge account to exist, and individuals not associated with the District or Department were listed as cardholders on the account.

**Recommendations:** We recommend the District Board and Department membership develop procurement policies to provide guidance for the proper use of District and Department funds. At a minimum, the policy should require adequate supporting documentation be submitted for charges and require the documentation submitted to be properly maintained. The policy should clearly stipulate that personal expenses are not allowed. Further, the policy should require the purchaser to document in writing the specific business related purpose of the expenditure. We recommend the policy developed include a section specific to credit accounts. The policy should require all credit accounts be approved by the Board before establishing an account. We further recommend that the policy include specific language stating that individuals not serving as members of the Department are not allowed to be cardholders on credit accounts of the District and Department. If the District and Department decided to continue the practice of using a credit account of any sort, we recommend the policy identify allowable uses of credit accounts with an emphasis on limiting the types of purchases made with credit cards in favor of more deliberative purchase methods, such as purchase orders, bids, etc. The policy should require the cardholder or account user to provide detailed documentation to support credit account purchases. The policy should address the members’ responsibility to reimburse unsupported expenditures. We recommend the policy address the process to disallow expenditures charged to District or Department charge accounts. The policy should establish a specific time period the member has to

reimburse the District or Department for disallowed charges. We recommend the time period that a member is given to reimburse the District or Department be no longer than three business days after the charge was disallowed by the District or Department. We recommend the policy address the penalty that should be applied for not reimbursing the District or Department within the required period. We recommend the policy state the process to review and approve expenditures. The policy should require someone other than the cardholder or purchaser to review and approve the expenditures made on the credit account. We recommend that the policy require the detail of expenditures to be presented to the District Board on a periodic basis. We recommend once the policy is developed, the policy be documented in writing, approved by the District Board, and distributed out to members. Finally, we recommend the District Board and Department membership take immediate action to recover any missing items, such as the televisions, computer, and digital camera indentified in this finding.

**Finding 3: Over \$16,500 in restaurant charges were made using District and Department accounts.**

From January 1, 2006 through February 28, 2012, the Department incurred over \$14,784 in restaurant charges on its debit card. The District from October 27, 2007 through May 2009, after which the credit card was ultimately terminated, incurred an additional \$1,726 in restaurant charges, making the total restaurant expense incurred through the debit and credit card at least \$16,510 during the six-year period. Restaurant charges identified through the examination of bank and credit card statements ranged in amount from \$1.58 to \$183.02 per transaction.

**Recommendations:** We recommend the District Board and Department membership develop a travel and expense reimbursement policy. This policy should clearly define what is considered an allowable expense. Expense reimbursements should be reasonable, have a business purpose, and should not be predominately personal in nature to be considered allowable. We recommend the travel and expense reimbursement policy require individuals seeking reimbursements to provide detailed supporting documentation of the expense incurred, including receipts and a written description of the purpose of the reimbursement. Once this policy is developed, we recommend it be formally documented in writing, approved by the Board, and disseminated to all appropriate parties. If meals are purchased for members for any reason, we recommend District and Department policy require specific documentation accompany restaurant charges so that a review can ensure whether the expenditure was

appropriate and reasonable for the operations of the District and Department. For example, expenditures should be accompanied by an itemized receipt, identifying the number and names of those attending an activity, and the specific business related purpose of the expenditure.

**Finding 4: District and Department funds were used to purchase shopping and gift cards.**

Store charge account records for the period June 2008 through February 2012, document \$4,600 in credit charges made for “shopping card” or “gift card” purchases. Each of the 32 individual charges to the store credit account for “shopping card” and “gift card” were made in \$50 increments, ranging from \$50 to \$500. As seen in Table 4, each of the 32 transaction charges were made at store locations in the local vicinity.

**Recommendations:** We recommend the District Board and Department membership no longer allow District and Department funds to be used for the purpose of purchasing gift and shopping cards. This restriction should be clearly stated in a formal written policy developed, as recommended, in recommendations made in Findings 1 and 2.

**Finding 5: Over \$9,800 in questionable expenditures were placed on District credit card.**

Over \$65,000 of District funds were used to pay the charges of a District credit card from May 2006 through July 2009. While the credit card was reportedly obtained for the purpose of purchasing fuel for District and Department vehicles, auditors identified over \$9,800 in questionable charges. The charges questioned were made at restaurants, food stores, hardware stores, super stores, a jewelry store, and a local clothing store.

**Recommendations:** For additional recommendations regarding credit account acceptable use, oversight and expenditure review see Finding 2.

**Finding 6: \$8,250 in payments were made directly to the Assistant Chief/Treasurer.**

Through checks written from the District and Department checking accounts and from cash advances found on the District credit card, auditors identified \$8,250 in payments made to the Assistant Chief/Treasurer. These payments, at least in part, appear to have been made directly to the Assistant Chief/Treasurer solely at his initiation and approval.

**Recommendations:** We recommend the District Board and Department membership consider seeking reimbursement from the former Assistant Chief/Treasurer for the payments made to him from District and Department funds. We recommend the

District Board and Department membership implement a dual signature requirement for all checks from all accounts. If a check is being written payable to one of the individuals authorized to sign checks, we recommend the two signatures approving the check not be that of the payee. See Finding 3 for further recommendations pertaining to the travel and expense reimbursement process.

**Finding 7: Payments to the District and Department totaling approximately \$4,000 were not deposited.**

On at least three occasions, it appears that the total amount of payments made to the District or Department failed to be deposited into a District or Department account. This resulted in a loss of approximately \$4,000.

**Recommendations:** We strongly recommend the District Board and Department membership implement stronger internal controls over the receipt and deposit of funds. This may be accomplished in part by designating different individuals to receive and deposit the funds on behalf of the District and Department. We recommend the District Board and Department membership attempt to recoup the funds that were not deposited into the District and Department accounts. See additional recommendations pertaining to procurement in Finding 2.

**Finding 8: District and Department funds were used to make \$1,950 in donations.**

According to bank records provided by the Department, the former Assistant Chief/Treasurer signed 11 checks, totaling \$1,950 from District and Department checking accounts for the purpose of donations, the majority of which were made to a local Masonic Lodge. Of the total \$1,950, over half of the donations were paid through District funds, which are derived from ad valorem taxes charged by the District.

**Recommendations:** We recommend the District Board and Department membership develop a policy regarding the practice of making donations with either District or Department public funds. We recommend that public funds be used for a business related purpose. Once a policy is developed, it should be documented in writing and approved by the District Board and Department membership.

**Finding 9: Over \$1,300 in apparent personal purchases were made directly from District and Department checking accounts.**

Auditors identified \$1,313 in apparent personal purchases made directly from District and Department checking accounts for items such as fireworks, gold start badges, red/blue lights, and super store purchases.

These purchases do not appear to be affiliated with the role and responsibility of the District or Department but, rather, appear to be personal use items.

**Recommendations:** We recommend the District Board and Department membership again attempt to recover those funds clearly expended by individuals for personal purposes. See Finding 2 for further recommendations pertaining to establishing a procurement policy.

**Finding 10: The Former Assistant Chief/Treasurer purchased a vehicle without authorization from the District Board.**

In March 2012, the District was informed that a 1999 Crown Victoria, initially believed to be a personal vehicle belonging to the former Assistant Chief/Treasurer, was actually registered in the District's name. However, District Board meeting minutes did not document that this purchase was ever discussed or approved by the District Board.

**Recommendations:** We recommend the District Board and Department membership establish a formal written policy to require that all purchases of equipment, including vehicles, over a certain amount be preapproved by the governing body. We recommend the District Board and Department membership establish a formal written policy that requires vehicles registered to the District or Department to be equipped only with lights and other equipment that may be used in the official capacity of the Department. We finally recommend the District Board and Department membership establish a formal written policy requiring all vehicles registered to the District or Department be identified as such with an official seal on the door of the vehicle and require that the use of the vehicle be restricted for official use only. See Finding 2 for other recommendations.

**Finding 11: Personal and pornographic files were found on Department computer, external drive, and USB thumb drive storage device.**

According to the Chief, the former Assistant Chief/Treasurer had a District owned desktop computer, external drive, and USB thumb drive at his residence. Subsequent to the former Assistant Chief/Treasurer leaving the state, these electronic devices were taken by the Department and provided to auditors for examination. In an attempt to gather more information regarding the District and Department's finances, auditors examined the computer and drive storage devices and found several personal and pornographic images.

Through a forensic analysis performed of these devices, auditors discovered hundreds of explicit pornographic

videos and images. In total, approximately 890 pornographic videos were saved to these devices. Over 290 of these videos were available on the hard drive of the desktop computer and the external drive contained over 580 pornographic videos and approximately 125 graphic images. Also, approximately 10 adult videos were saved to the Department's USB thumb drive.

**Recommendations:** We recommend the District Board develop a policy relating to the proper use of District equipment. The policy should include a specific section relating to member use of District computers. Through this policy the Board should clearly define what constitutes allowable and unallowable use of the computer. The policy should strictly disallow the use of District computers for the viewing, downloading, or sharing of pornographic materials. Once developed the policy should be documented in writing, approved by the District Board and distributed out to members. Members should then be required to sign an acknowledgement statement documenting that they have received, reviewed and understand the policy. The signed acknowledgements should then be maintained as an official record.

**Finding 12: Various financial records were missing from the District and Department.**

The examination of District and Department financial transactions found that vendor invoices, credit card statements, receipts, and various other financial records were missing. According to the Chief, very few financial records could be located after the former Assistant Chief/Treasurer left the Department. Due to the lack of records, the Chief, on several occasions subsequent to the Assistant Chief/Treasurer leaving the state, made requests to various vendors for billing statements. These records were made available for auditors to review, as well as additional financial related information obtained for the purpose of this examination by the KSP through subpoena of financial and credit institutions.

**Recommendations:** We recommend the District and Department Board establish a formal written policy to specify the specific personnel position responsible for receiving, maintaining, and reporting financial related information. We recommend the policy also specify the process followed to accomplish this responsibility such as the method to store original and electronic forms of records, the retention period for various records to be maintained and the means of disposing of each type of record. In developing the policy, the District Board and Department membership should take into consideration auditing and reporting requirements of each entity. In addition, we recommend internal controls be established to ensure the position responsible for receiving, maintaining, and reporting

financial information is properly supervised to ensure these functions are properly performed. Internal controls should also be established to ensure that records are stored in a secured location, both in original and electronic form, and only accessible to authorized personnel. Finally, we recommend Board meeting minutes document financial reports made.

**Finding 13: Infrequent and false financial reporting was provided to District Board and Department membership.**

A comparison of financial reports found at the fire station to original bank records found several significant discrepancies in the financial reports. Due to these discrepancies and statements made by certain Board members, it appears inaccurate financial reports were presented to the Board and that monthly financial reporting was not consistently made to the Fire District Board or the Department membership during the examination period.

**Recommendations:** We again recommend the District Board and Department membership analyze its current financial oversight process and ensure policies and internal controls are implemented to provide appropriate oversight of financial activity and that specific duties are properly reviewed and segregated. We recommend the District Board and Department membership establish a formal written policy that specifies the financial reporting to be made to the Board or membership and the frequency for reporting the financial activity. The policy should establish the types of expenditures that should be presented to the board or membership for preapproval and those expenditures that constitute a normal course of business that can be determined by the treasurer. We further recommend the policy establish a dollar amount that requires board or membership review and approval. We recommend the Board have an agenda item each month for the financial statements and other significant financial activities to be presented. We also recommend the Board strengthen its oversight and review and ask questions regarding the financial activity.

**Finding 14: Required financial reporting was not provided to federal and state agencies.**

For the period under examination, the District did not submit the proper financial reports to the Kentucky Department for Local Government (DLG) as required by KRS 65.065 and 65.905. In addition, the Department did not make required financial reporting to the Internal Revenue Service (IRS) and as a result lost its tax-exempt status.

**Recommendations:** We recommend the District Board be actively engaged in the budget and financial review process to ensure that spending aligns with the

organizations' responsibility to provide efficient and effective fire protection to its taxpayers. At a minimum, the Board should review, question, and ultimately approve the budget prior to it being submitted to the counties and DLG. We recommend the Board provide strong oversight to ensure the operations are conducted in a consistent and effective manner. We recommend the Board develop a process for monitoring the status of the budget throughout the year. We recommend specific elements of this process include a review of monthly financial statements and a review of quarterly statements and year-end projections by the Board. We recommend policies be developed that require budget variances to be discussed and clearly explained by the treasurer to the Board. We recommend the District Board and Department membership take the necessary steps to ensure all reports are completed and up-to-date with state and federal regulators.

**Finding 15: District and Department funds were comingled and used at the discretion of the former Assistant Chief/Treasurer.**

District and Department funds were used interchangeably by the former Assist Chief/Treasurer when conducting business on behalf of each organization. According to the Chief, District funds were to be used for operational expenses such as utilities, purchase of new equipment, building and equipment maintenance, and training expenses. The Chief further stated that Department funds, which are derived from State Aid and public donations, were to be used for miscellaneous items such as training expenses when District funds could not be accessed for some reason and for a few small meals or cookouts occasionally provided to Department volunteers.

**Recommendations:** We recommend the District Board provide appropriate oversight to ensure financial activity is properly monitored. The Board should act to develop and implement policies and internal controls to ensure appropriate segregation of duties exist over financial responsibilities and reporting of financial activities to the Board. See recommendations made throughout this report in Findings 1 through 14, and 16 through 17.

**Finding 16: The District and Department lacked segregation of duties and formal policies for financial management.**

District and Department finances were often initiated, consistently recorded, and reported by the former Assistant Chief/Treasurer with no assistance or oversight creating a lack of segregation of duties for the receipt, deposit, and expenditure of District and Department funds. Furthermore, the District Board and

Department did not establish financial policies for the procurement of goods and services, proper use of District and Department funds, and prior preapproval for expenditures exceeding a specified amount.

**Recommendations:** Again, we recommend the District Board develop and implement formal written policies to ensure the efficient and effective use of funds for authorized purposes. Policies should require dual signatures for account activity and address the use of an account credit or debit card. If the use of a debit card is continued, we recommend the authorized use of debit cards only for specific individuals and only allowed in the event of an emergency. See recommendations made in other findings throughout this report.

**Finding 17: No financial statement audits were performed despite state and Department requirements.**

Though required by the state and Department, neither the District nor Department had financial statement audits during the examination period. In fact, the Chief stated to auditors that he was unaware if an audit had never been performed on any District or Department accounts, even prior to the audit period.

**Recommendations:** We recommend the District Board and Department membership comply with the state and Department audit requirements and initiate having a financial statement audit performed by a certified public accountant. Periodic audits may assist the District and Department in deterring certain activity such as that documented throughout this report, in Finding 1 through 17, from reoccurring.

---

## Chapter 1

# Introduction and Background

---

### Scope

On March 21, 2012, the Auditor of Public Accounts (APA) received a request from Board members of the Garrett Fire District (District) and the Chief of the Garrett Area Volunteer Fire Department (Department) to examine their accounts as they suspected misuse of funds. On March 30, 2012, our office responded stating that we would perform an examination of selected financial activities that address the various concerns of the District and Department and that the examination would be performed in cooperation with the Kentucky State Police (KSP).

To accomplish this examination, the following objectives were developed:

- Examine District and Department financial policies, procedures, and internal controls;
- Examine the District and Department procurement process and oversight related to its operations;
- Examine payments and other financial activities of the District and Department to determine whether payments and funds withdrawn from accounts were appropriate, sufficiently documented, and properly monitored.

To address these objectives, the APA requested various records from the District and Department, including, but not limited to, bank statements for all District and Department bank accounts, cancelled checks or electronic check images, deposit slips, District and Department meeting minutes with any corresponding financial reports, and formal written financial policies and procedures. The period reviewed during this examination was determined based on the concerns of the District Board and the Department Chief. The period examined for most records was July 2007 through February 2008, unless otherwise specified. The date that certain documents were examined varied due to the availability of the records.

### Background

The Garrett Area Volunteer Fire Department, Inc. located in Garrett, Kentucky, was officially incorporated on November 10, 1981. Its original by-laws, established on January 6, 1982, state that the Department may consist of one or more companies and shall consist of not less than 15 members but may include as many members as needed by the Department.

The Garrett Fire District is a special taxing district created under Kentucky Revised Statute (KRS) 75. As a special taxing district, it is authorized to impose an ad valorem tax on property.

### *Department Officers*

Officers of the Department consist of:

- One chief;
- One assistant chief;
- One secretary-treasurer;

---

## Chapter 1

# Introduction and Background

---

- Three lieutenants; and,
- Five sergeants.

The officers are elected by the majority of the membership annually at the first regular meeting of the calendar year. The terms officers serve are not limited by the by-laws and there is no restriction imposed to prevent one individual from serving in more than one position on the Board.

The Chief presides over all meetings of the Department and is in charge of all personnel and equipment while on duty. In the Chief's absence, the Assistant Chief or Captains are to discharge all duties of the Chief. The Secretary-Treasurer is in charge of the Board meeting minutes, books, records, and papers belonging to the Department. The Secretary-Treasurer is to also keep an accurate record of financial matters of the Department. The by-laws allow the officers of the Department the power to "invest all monies over \$100.00 belonging to the department, when there is no time to consult the membership." The by-laws also authorize the Chief, the Assistant Chief, and the Secretary-Treasurer to "purchase necessary supplies or make necessary repairs (sic), within a reasonable amount and present their expense account at the next meeting."

### *District Board Composition*

The business and affairs of the District are conducted by its Board of Trustees, which is composed of seven members. The duties and powers of the District are established in KRS 75.040. The seven member board composition includes:

- Three (3) trustees appointed by the county judge/executive;
- Two (2) trustees elected by the members of the district firefighters; and,
- Two (2) trustees elected by property owners who own real or personal property in the taxing district.



**Chapter 2**  
**Findings and Recommendations**

**Over \$123,000 in questionable expenditures identified.**

Auditors identified over \$123,000 in questionable expenditures including, but not limited to, over \$62,000 in questionable cash withdrawals, \$16,500 in restaurant charges, \$8,250 in checks written to the former Assistant Chief/Treasurer, potentially over \$12,950 spent on vendor gift cards, \$1,950 in donations, and \$839 on fireworks. These expenditures, along with several other questionable purchases, were made from both District and Department funds. The business purposes of these expenditures are unknown and indicate a gross abuse of funds, as well as a significant lack of policies and internal controls over financial activities.

**Finding 1: Over \$62,000 in questionable cash withdrawals were made from District and Department accounts.**

Auditors found thousands of dollars in cash or “undesigned” withdrawals made from District and Department funds for either unknown or questionable purposes. The examination of financial records identified over \$39,000 in ATM withdrawals and over \$23,000 in checking and savings withdrawals, all with no supporting documentation or adequate explanation.

*ATM Withdrawals*

Between January 9, 2006 and February 24, 2012, over \$39,000 in ATM withdrawals were made from the Department checking account. The frequency of ATM withdrawals occurred regularly in each year with the amounts withdrawn for a single transaction and the number of transactions significantly increasing each year. Table 1 details the total amount and number of ATM charges, including associated ATM fees charged each calendar year.

**Table 1: Total ATM Withdrawals Per Calendar Year**

<b>Calendar Year</b>	<b>Total Amount of ATM Withdrawals</b>	<b>Transactions Per Year</b>
2006	\$1,463	12
2007	1,025	16
2008	3,917	17
2009	8,451	50
2010	10,140	69
2011	12,240	81
2012 *	2,024	11
<b>Total:</b>	<b>\$39,260</b>	

\*There were only two months of data to examine for this calendar year.  
 Source: Auditor of Public Accounts based on Department bank statements.

An analysis of the information in Table 1 shows the increase in the amount of cash withdrawn from the Department checking account and the annual increase in the number of transactions. Auditors also noted that the amount withdrawn in the two month period in calendar year 2012 was only \$464 less than the amount of ATM cash withdrawals made in calendar years 2006 and 2007 combined.

---

## Chapter 2

# Findings and Recommendations

---

While examining the daily detail of the ATM transactions, instances were found where as much as \$600 withdrawn in a single day. On May 27, 2008, bank records show that the Department debit card was used to withdrawal \$600 through two \$300 ATM transactions. On the next day, May 28, 2008, another \$300 was withdrawn from the account, which made a total of \$900 in cash withdrawn using an ATM in a two-day period. In 2011, another combination of ATM withdrawals resulted in over \$770 of cash being withdrawn from the Department account in a two-day period. The next week, this occurred again when \$650 in cash was withdrawn in a two-day period using an ATM.

Auditors attempted to determine the purpose for these ATM withdrawals only to find that insufficient documentation was available at the Department to substantiate the necessity of these withdrawals. The only documentation available to assist auditors in determining the purpose of the ATM withdrawals were financial reports found at the fire station, which auditors have determined are unreliable due to several factors reported in Finding 13.

Interviews with certain Department members found that the members were unaware of ATM withdrawals being made; however, one member stated that he recalled cash being provided occasionally to members for the purpose of paying for meals while attending state fire school training. Although not a formal written policy of the District or Department, District Board meeting minutes from 1993 document the District Board's approval to pay expenses of members attending state fire school training. The minutes state that the District will cover \$10 per day per member and a "reasonable amount" to be determined by the Department, for travel expenses incurred by members attending state fire school training.

Although the Department retained certain training information dating back to 2010, the records were not sufficient to cover our complete time period and did not contain the necessary details required to estimate the amount of funds needed to cover member training expenses. While the Chief stated that members were once required to incur the expense themselves and seek reimbursement from the District or Department for the expenses they incurred, this requirement had not been followed for several years.

### *Checking and Savings Account Withdrawals*

While auditors were able to account for many transfers between various District and Department accounts, over \$23,000 was identified in checking and savings account withdrawals that could not be identified as transferred and deposited into one of the known District or Department accounts. In each of these transactions, the withdrawal was either in the form of a check for cash or a savings or checking account slip indicating the withdrawal was either made in cash or was not specifically designated.

**Findings and Recommendations**

Bank documentation of these 32 transactions shows the Assistant Chief/ Treasurer signed all but one of these withdrawals. The one withdrawal not signed by the former Assistant Chief/Treasurer was a savings withdrawal slip, which contained no signatures; however, it was still processed by the bank, with a note that stated “Forgot to sign slip.”

In nine out of these 32 transactions, auditors found that the former Assistant Chief/Treasurer documented some type of purpose for the withdrawal on the face of the financial instrument; however, based on other information obtained during the examination auditors question the purposes stated on the instruments.

In one instance, the former Assistant Chief/Treasurer indicated on the check memo line of a \$500 check paid to “Cash” on November 19, 2007, that the check was for carpet and flooring; however, a financial report for the Department checking account that month, also created by the former Assistant Chief/Treasurer reported that the same \$500 check was for the purpose of window installation.

A similar situation occurred with another check paid in the amount of \$300 to “Cash” on December 5, 2007. The former Assistant Chief/Treasurer indicated on the check memo line that the check was for “Fruit & Candy for Santa Run”; however, the financial report for the Department checking account that month reported the same \$300 check was for the purpose of work at the station.

Table 2 shows the transaction dates and the accounts from which these withdrawals were made.

**Table 2: Questionable Checking and Savings Account Withdrawals**

<b>Date</b>	<b>Account</b>	<b>Amount</b>	<b>Financial Instrument Type</b>	<b>Signature Applied</b>	<b>Purpose Indicated on Instrument</b>
5/4/06	Dept. Checking	\$1,500	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None
12/11/06	Dept. Checking	305	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None
4/16/07 *	Dept. Checking	22	Check made to Cash	Former Asst. Chief/Treasurer	Clean up at Church
11/19/07	Dept. Checking	500	Check made to Cash	Former Asst. Chief/Treasurer	Carpet & Flooring
12/5/07	Dept. Checking	300	Check made to Cash	Former Asst. Chief/Treasurer	Fruit & Candy for Santa Run
1/7/08	Dept. Checking	500	Check made to Cash	Former Asst. Chief/Treasurer	Work at Station
3/14/08	Dist. Checking	500	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None

**Chapter 2**  
**Findings and Recommendations**

<b>Date</b>	<b>Account</b>	<b>Amount</b>	<b>Financial Instrument Type</b>	<b>Signature Applied</b>	<b>Purpose Indicated on Instrument</b>
4/18/08	Dept. Checking	1,000	Check made to Cash	Former Asst. Chief/Treasurer	Fire School
6/4/08	Dept. Checking	500	Check made to Cash	Former Asst. Chief/Treasurer	Work at Station
5/22/09	Dept. Checking	100	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None
6/29/09	Dept. Savings	3,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
8/10/09	Dept. Savings	500	Savings Withdrawal Slip	No Signature	None
10/2/09	Dept. Savings	500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
12/1/09	Dept. Savings	1,500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
5/20/10	Dept. Savings	500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
6/29/10	Dept. Savings	2,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
8/3/10	Dept. Savings	1,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
10/1/10	Dept. Savings	500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
10/22/10	Dist. Checking	300	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None
12/15/10	Dept. Savings	2,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
7/21/11	Dept. Checking	300	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	None
8/26/11	Dept. Checking	300	Check made to Cash	Former Asst. Chief/Treasurer	Fire School Hazard
8/26/11	Dist. Checking	200	Checking Withdrawal Slip	Former Asst. Chief/Treasurer	Hazard Fire School 27/28
9/2/11	Dept. Checking	100	Check made to Cash	Former Asst. Chief/Treasurer	Fire School
9/29/11	Dept. Savings	1,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None

**Chapter 2**  
**Findings and Recommendations**

<b>Date</b>	<b>Account</b>	<b>Amount</b>	<b>Financial Instrument Type</b>	<b>Signature Applied</b>	<b>Purpose Indicated on Instrument</b>
10/21/11	Dept. Savings	500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
10/28/11	Dept. Savings	300	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
12/2/11	Dept. Savings	200	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
12/12/11	Dept. Savings	1,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
1/27/12	Dept. Savings	1,000	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
2/22/12	Dept. Savings	500	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
2/28/12	Dept. Savings	1,151	Savings Withdrawal Slip	Former Asst. Chief/Treasurer	None
	<b>Total:</b>	<b>\$23,578.16</b>			

\*Check amount rounded for the purpose of the table. Actual amount of check was \$22.16.  
Source: Auditor of Public Accounts based on District and Department bank statements.

While there may be a legitimate official purpose for certain questionable cash withdrawals, the lack of supporting documentation, the condition of the financial records, and the discrepancies in the financial reports, cause all of these expenditures to be questioned. Auditors question the necessity of these withdrawals and whether the funds were used for official purposes of the District and Department.

This finding, along with others included in this report, identify the need for the District and Department to implement various internal controls, policies, and increased oversight of the financial processes.

**Recommendations** We recommend the District Board and Department membership consider disallowing the use of debit cards on District and Department bank accounts. If the District Board and Department membership determine that they will continue to allow the use of a debit card, we recommend the Board and membership develop a formal written policy specifying restrictions set on the use of the card, as well as a requirement for submitting and maintaining receipts to support the charge or withdrawal made through the use of the card. At a minimum, we strongly recommend the policy disallow ATM cash withdrawals, unless necessary in an emergency. Any event requiring the use of a debit card must be formally documented in detail and receipts must be required, retained, and available for Board review.

**Findings and Recommendations**

---

See recommendations made for Finding 2 for additional recommendations for a procurement and credit card usage policy.

---

**Finding 2: Over \$22,000 in District funds were used to pay charges on unauthorized store charge account.**

---

Between November 2007 and February 2012, over \$22,000 of District funds were used to make payments on a store credit card account held in the name of the Department. Based on auditors' review of available District and Department records and interviews with various Department members, the total amount expended is considered questionable due to a lack of sufficient support, lack of authorization for the charge account to exist, and individuals not associated with the District or Department were listed as cardholders on the account.

According to the Chief, he was not aware of the store charge account until spring 2012, after the former Assistant Chief/Treasurer left the state. The Chief stated that the store charge account was never authorized and he did not recall seeing a card associated with the account. Store charge account summaries, reviewed by auditors, document up to four individuals listed as cardholders on the account; however, only one of these individuals, the former Assistant Chief/Treasurer, was affiliated with the Department. The Chief stated that the other cardholders listed on the account were family members of the former Assistant Chief/Treasurer.

While auditors recognize some of the purchases identified on the store charge account statements may have been used for the benefit of the District or Department, documentation associated with the account was inadequate to provide a clear description of all items purchased. Further, the necessity or business purposes of the charges were not documented, making it impossible for auditors to determine if the purchases were legitimate expenses of the District and Department.

Though all \$22,000 in store charge account payments are questioned for various reasons, certain charges on the charge card statements appear more personal in nature, due to the item being purchased and, in some cases, because of the location of the store where the purchases were made. For example, the membership expenses for the cardholders who were found to not be affiliated with the District or Department. Between July 31, 2008 and July 31, 2011, the District paid \$210 in membership fees for two such individuals. See detailed transactions at Appendix 3. Records indicate that the District or Department may have incurred an additional \$105 on July 31, 2007 for three such individuals; however, because of the limited bank records, auditors were unable to examine spending for that period.

Additional charges identified as more personal in nature include \$4,600 in shopping and gift cards, \$3,000 in "merchandise/consumables," missing electronics, personal care items, alcohol, a DVD, chewing tobacco, candy, and purchases made out-of-state in Colorado, Indiana, and South Carolina. See Finding 4 for details associated with the shopping cards and "merchandise/consumables."

**Chapter 2**

**Findings and Recommendations**

For details of apparent personal items purchased from July 2007 through February 2012, excluding the shopping cards, gift cards, and “merchandise/consumable” transactions, which are discussed in Finding 4, see Table 3 and Appendix 3.

Of the \$22,000 found, over \$2,400 was spent in Colorado, Indiana, or South Carolina, and of that amount 95 percent were made in Goshen, Indiana. The address on tax information stored on a Department computer shows one of the cardholders, who is unaffiliated with the Department, lived in close proximity to the Indiana store location. See Finding 11 for further information on auditors computer file review.

Purchases made in Goshen, Indiana include two TVs, a Home Theatre system, food, and body wash. See Table 3 for a complete listing of the purchases made in Goshen, Indiana.

**Table 3: Store Charges Made In Indiana**

<b>Transaction Date</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Extended Price</b>	<b>Location</b>
11/27/09	VIZ 42" LCDHDTV BUNDLE	1	\$797.00	Goshen, IN
11/28/09	Hot Cocoa Mix	1	5.38	Goshen, IN
11/28/09	2 YR SP \$500-\$999.99	1	59.88	Goshen, IN
11/28/09	2.1 Home Theatre	1	197.37	Goshen, IN
11/28/09	47" 240HZ LCD	1	997.00	Goshen, IN
12/31/10	Digiorno Supreme	1	11.88	Goshen, IN
12/31/10	Chex Original	3	11.94	Goshen, IN
12/31/10	Ched Chs Jalapeno	1	9.98	Goshen, IN
12/31/10	Digiorno 4Chse Pizza	1	11.98	Goshen, IN
12/31/10	Tyson Honey BBQ Wing	1	13.98	Goshen, IN
7/7/11	Baked Beans	1	5.69	Goshen, IN
7/7/11	Baking Potatoes – 15 LBS	1	9.98	Goshen, IN
7/7/11	Tysn Honey BBQ Wings	1	13.98	Goshen, IN
7/7/11	Original BBQ Sauce	1	9.24	Goshen, IN
7/7/11	90W LT WL Adptr	1	79.00	Goshen, IN
12/31/11	Sparkling Apple	1	4.91	Goshen, IN
12/31/11	Tysn Honey BBQ Wings	1	13.98	Goshen, IN
12/31/11	Choose Any 2	1	5.98	Goshen, IN
12/31/11	Digiorno Pepperoni	1	12.48	Goshen, IN
12/31/11	Cream Chs Jalapeno	1	10.48	Goshen, IN
12/31/11	Axe Shower Gel 3 pk	1	9.88	Goshen, IN
12/31/11	A&W Root Beer	1	3.32	Goshen, IN
12/31/11	Gingersnap Cookies	1	4.81	Goshen, IN
12/31/11	Evalue \$2.00	1	-2.00	Goshen, IN
12/31/11	Tequila Lime Wing	2	27.96	Goshen, IN
<b>Totals:</b>	<b>25 Transactions</b>		<b>\$2,326.08</b>	

Source: Auditor of Public Accounts based on based on store charge account statements of the Department.

**Findings and Recommendations**

---

After discussing the purchase of the electronics with the Chief, it is our understanding that these items were never in possession of the Department. According to the Chief, the only television in the possession of the Department has, until June 2012, been a large screen television, which the Department had for approximately 20 years. The Chief only became aware of these purchases recently after he reviewed the store charge account statements.

Purchases made in Colorado and South Carolina totaled \$115.16. The purchases at these store locations included a \$79 digital camera, lithium batteries, crackers, and candy. According to the Chief, the digital camera, which was purchased in Glenwood, Colorado on August 15, 2011, is not in the possession of the Department and was not an authorized purchase. Based on additional information discovered during the examination, auditors believe that the digital camera was purchased by the former Assistant Chief/Treasurer.

Through a review of computer files stored on a Department computer, auditors found a file indicating that the former Assistant Chief/Treasurer was in Glenwood Springs, Colorado in 2011 performing work on behalf of the Floyd County Sheriff's Office (Sheriff's Office). The Sheriff's Office confirmed to auditors that the former Assistant Chief/Treasurer, while working as a special deputy for its office, was in Glenwood Springs, Colorado on August 15, 2011, performing a prisoner transport.

Based on the information gathered during this examination, it appears the digital camera was purchased by the former Assistant Chief/Treasurer, with no documented knowledge or approval by the District Board or Department membership. Further, because the purchase was made by the former Assistant Chief/ Treasurer, while conducting his duties as a Special Deputy and not in his capacity as the Assistant Chief/Treasurer at that time, it appears the purchase was for his personal use and not for the benefit of the District or Department.

In addition to the two missing televisions and digital camera, auditors identified other electronics purchased through the store charge account which appear to be missing. These items include a 23 inch Flat Panel LCD computer or screen purchased for \$698 on March 6, 2010 in South Point, Ohio and a laptop computer purchased for \$898 on June 30, 2010 in Pikeville, Kentucky.

***Recommendations***

We recommend the District Board and Department membership develop procurement policies to provide guidance for the proper use of District and Department funds. At a minimum, the policy should require adequate supporting documentation be submitted for charges and require the documentation submitted to be properly maintained. The policy should clearly stipulate that personal expenses are not allowed. Further, the policy should require the purchaser to document in writing the specific business related purpose of the expenditure.



---

## Chapter 2

# Findings and Recommendations

---

We recommend the policy developed include a section specific to credit accounts. The policy should require all credit accounts be approved by the Board before establishing an account. We further recommend that the policy include specific language stating that individuals not serving as members of the Department are not allowed to be cardholders on credit accounts of the District and Department.

If the District and Department decided to continue the practice of using a credit account of any sort, we recommend the policy identify allowable uses of credit accounts with an emphasis on limiting the types of purchases made with credit cards in favor of more deliberative purchases methods, such as purchase orders, bids, etc. The policy should require the cardholder or account user to provide detailed documentation to support credit account purchases. The policy should address the members' responsibility to reimburse unsupported expenditures.

We recommend the policy address the process to disallow expenditures charged to District or Department charge accounts. The policy should establish a specific time period the member has to reimburse the District or Department for disallowed charges. We recommend the time period that a member is given to reimburse the District or Department be no longer than three business days after the charge was disallowed by the District or Department. We recommend the policy address the penalty that should be applied for not reimbursing the District or Department within the required period.

We recommend the policy state the process to review and approve expenditures. The policy should require someone other than the cardholder or purchaser to review and approve the expenditures made on the credit account. We recommend that the policy require the detail of expenditures to be presented to the District Board on a periodic basis.

We recommend once the policy is developed, the policy be documented in writing, approved by the District Board, and distributed out to members.

Finally, we recommend the District Board and Department membership take immediate action to recover any missing items, such as the televisions, computer, and digital camera identified in this finding.

---

**Finding 3: Over \$16,500 in restaurant charges were made using District and Department accounts.**

---

From January 1, 2006 through February 28, 2012, the Department incurred over \$14,784 in restaurant charges on its debit card. The District from October 27, 2007 through May 2009, after which the credit card was ultimately terminated, incurred an additional \$1,726 in restaurant charges, making the total restaurant expense incurred through the debit and credit card at least \$16,510 during the six-year period. See Appendices 1 and 2 for charges to restaurants. Restaurant charges identified through the examination of bank and credit card statements ranged in amount from \$1.58 to \$183.02 per transaction.

## Findings and Recommendations

---

According to the Chief, while meals are occasionally purchased for Department volunteers, for example when attending training, the frequency of restaurant charges found in the bank records was unexpectedly high. Department volunteers interviewed acknowledged occasionally being given access to a debit or credit card by the former Assistant Chief/Treasurer to help pay for meals while attending training activities, but stated they were to return the card, along with receipts to support any purchases made. One Department member stated that he had on occasion been provided with cash for meals while attending training rather than using the Department debit or District credit cards.

Although auditors requested documentation to support the charges placed on the Department debit card and District credit card, no documentation could be found. Without receipts and invoices to support the charges auditors were unable to determine if a legitimate business purpose existed for each of the restaurant charges, who actually incurred the expenses, and who received the benefit from each meal purchased.

Documentation was also not available at the Department to support dates and locations of training sessions attended by volunteers, as well as the names of those volunteers who attended specific training sessions during our examination period. Without this information, auditors were unable to consider which meals may have had a legitimate business purpose, though it appears funds were inappropriately expended to purchase meals. The lack of documentation to support these purchases calls into question all of the purchases of food.

### *Recommendations*

We recommend the District Board and Department membership develop a travel and expense reimbursement policy. This policy should clearly define what is considered an allowable expense. Expense reimbursements should be reasonable, have a business purpose, and should not be predominately personal in nature to be considered allowable.

We recommend the travel and expense reimbursement policy require individuals seeking reimbursements to provide detailed supporting documentation of the expense incurred, including receipts and a written description of the purpose of the reimbursement.

Once this policy is developed, we recommend it be formally documented in writing, approved by the Board, and disseminated to all appropriate parties.

If meals are purchased for members for any reason, we recommend District and Department policy require specific documentation accompany restaurant charges so that a review can ensure whether the expenditure was appropriate and reasonable for the operations of the District and Department. For example, expenditures should be accompanied by an itemized receipt, identifying the number and names of those attending an activity, and the specific business related purpose of the expenditure.

---

**Chapter 2**

**Findings and Recommendations**

**Finding 4: District and Department funds were used to purchase shopping and gift cards.**

Store charge account records for the period June 2008 through February 2012, document \$4,600 in credit charges made for “shopping card” or “gift card” purchases. Each of the 32 individual charges to the store credit account for “shopping card” and “gift card” were made in \$50 increments, ranging from \$50 to \$500. As seen in Table 4, each of the 32 transaction charges were made at store locations in the local vicinity.

**Table 4: Detail of Gift and Shopping Card Purchases Made on Store Charge Account Between June 2008 and February 2012**

<b>Transaction Date</b>	<b>Vendor</b>	<b>Description</b>	<b>Location</b>	<b>Amount</b>
11/15/08	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	\$100
12/5/08	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
12/12/08	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
1/2/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
1/11/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	150
2/5/09	SAMS/Wal-Mart	Shopping Card	Hazard, KY	100
2/27/09	SAMS/Wal-Mart	Shopping Card	Prestonsburg, KY	100
3/12/09	SAMS/Wal-Mart	Shopping Card	Prestonsburg, KY	100
4/4/09	SAMS/Wal-Mart	Shop Card	Pikeville, KY	100
4/20/09	SAMS/Wal-Mart	Gift Card	Pikeville, KY	100
6/17/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	200
6/28/09	SAMS/Wal-Mart	Shopping Card	Hazard, KY	100
8/4/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	50
8/22/09	SAMS/Wal-Mart	Shopping Card	Hazard, KY	150
9/20/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	200
9/28/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	200
11/1/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
12/22/09	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
2/16/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
6/12/10	SAMS/Wal-Mart	Shopping Card	Hazard, KY	50
7/18/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
8/23/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	200
11/5/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
11/12/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
11/29/10	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	200
6/1/11	SAMS/Wal-Mart	Shopping Card	Hazard, KY	200
8/17/11	SAMS/Wal-Mart	Shopping Card	Hazard, KY	100
9/24/11	SAMS/Wal-Mart	Shopping Card	Hazard, KY	200
11/11/11	SAMS/Wal-Mart	Shopping Card	Pikeville, KY	100
11/20/11	SAMS/Wal-Mart	Shopping Card	Hazard, KY	100
2/28/12	SAMS/Wal-Mart	Shopping Card	Hazard, KY	400
2/28/12	SAMS/Wal-Mart	Shopping Card	Hazard, KY	500
	<b>Totals:</b>	<b>32 Transactions</b>		<b>\$4,600</b>

Source: Auditor of Public Accounts based on store charge account statements of the Department.

Cardholders named on this store charge account included the former Assistant Chief/Treasurer and three other individuals not associated with the Department. In speaking with the Chief and other Department members, auditors were informed that members were unaware of such purchases occurring and were unable to provide any possible business purpose related to these purchases.

The Chief stated that certain charges made on the store account just days prior to the former Assistant Chief/Treasurer leaving the state were forgiven by the vendor after the Chief filed a claim disclaiming the charges. The amounts forgiven, included two “shopping card” purchases totaling \$900 made on February 28, 2012 in Hazard, Kentucky. According to the Chief, additional charges to the account were made a few days later in South Carolina; the charges in South Carolina were also reportedly forgiven by the vendor.

In addition to the \$4,600 in store charges for gift and shopping cards, auditors found another \$3,000 in transactions on the store charge account statements listed as purchases of “Merchandise/Consumables.” The “Merchandise/Consumable” purchases were made, with few exceptions, in increments of \$100. Attempts by the auditor to obtain additional details associated with the purchases from this vendor were unsuccessful. However, because the pattern of the purchases described as “Merchandise/Consumables” on the store charge account statements were so similar, in location and amount, to the purchases of the gift and shopping cards it appears the purchases may also be for gift or shopping cards.

Given the pattern of spending for gift and shopping cards identified on the store charge account, auditors decided to examine credit card statements and checking account bank statements for similar patterns of spending on the District and Department credit and debit cards. An examination of these cards found the same pattern of spending that was identified on the store credit account.

Auditors identified 32 charges totaling \$3,800 made between October 2007 and May 2009, on the District credit card. The charges were from \$50 to \$200 for each transaction and were made at similar locations. See Table 5 for a full listing of these charges.

## Findings and Recommendations

**Table 5: Credit Card Transactions Matching the Pattern of Spending Found on Store Charge Account on Gift and Shopping Cards**

<b>Transaction Date</b>	<b>Vendor</b>	<b>Location</b>	<b>Amount</b>
10/25/07	Wal-Mart	Pikeville, KY	\$100
11/28/07	Wal-Mart	Pikeville, KY	100
1/16/08	WM Supercenter	Hazard, KY	200
1/23/08	Wal-Mart	Pikeville, KY	100
1/27/08	WM Supercenter	Pikeville, KY	100
2/7/08	Wal-Mart	Pikeville, KY	100
2/17/08	Wal-Mart	Pikeville, KY	200
3/5/08	Wal-Mart	Pikeville, KY	100
3/14/08	WM Supercenter	Pikeville, KY	150
3/27/08	WM Supercenter	Pikeville, KY	100
4/23/08	Wal-Mart	Hazard, KY	100
5/28/08	Wal-Mart	Pikeville, KY	200
6/6/08	Wal-Mart	Pikeville, KY	200
6/14/08	Wal-Mart	Pikeville, KY	200
6/25/08	Wal-Mart	Pikeville, KY	100
7/16/08	Wal-Mart	Pikeville, KY	100
7/25/08	WM Supercenter	Pikeville, KY	100
7/30/08	WM Supercenter	Pikeville, KY	100
8/3/08	Wal-Mart	Pikeville, KY	100
8/11/08	Wal-Mart	Pikeville, KY	100
8/28/08	WM Supercenter	Pikeville, KY	100
9/8/08	WM Supercenter	Pikeville, KY	100
10/3/08	WM Supercenter	Pikeville, KY	100
10/13/08	Wal-Mart	Pikeville, KY	100
10/21/08	Wal-Mart	Pikeville, KY	150
10/28/08	WM Supercenter	Pikeville, KY	100
2/12/09	Wal-Mart	Hazard, KY	100
3/4/09	WM Supercenter	Pikeville, KY	150
3/8/09	WM Supercenter	Pikeville, KY	50
5/3/09	WM Supercenter	Hazard, KY	100
5/8/09	Wal-Mart	Pikeville, KY	100
5/27/09	WM Supercenter	Hazard, KY	100
	<b>Totals:</b>	<b>32 Transactions</b>	<b>\$3,800</b>

Source: Auditor of Public Accounts based on District credit card statements.

**Chapter 2**  
**Findings and Recommendations**

Between March 2006 and October 2011, auditors identified another 13 transactions from the Department debit card totaling \$1,550 that matched this spending pattern. See Table 6 for a listing of these transactions.

**Table 6: Debit Card Transactions Between March 2006 and October 2011 Matching the Spending Pattern Found on Store Charge Account on Gift and Shopping Cards**

<b>Transaction Date</b>	<b>Vendor</b>	<b>Location</b>	<b>Amount</b>
3/29/06	Wal-Mart	Pikeville, KY	\$100
10/25/07	Wal-Mart	Pikeville, KY	100
2/6/08	Wal-Mart	Pikeville, KY	50
2/11/08	Wal-Mart	Prestonsburg, KY	100
3/12/08	Wal-Mart	Pikeville, KY	100
1/5/10	Wal-Mart	Pikeville, KY	100
4/5/10	Wal-Mart	Pikeville, KY	100
4/23/10	Wal-Mart	Pikeville, KY	100
7/27/10	Wal-Mart	Pikeville, KY	150
8/16/10	Wal-Mart	Pikeville, KY	100
3/21/11	Wal-Mart	Pikeville, KY	200
5/5/11	Wal-Mart	Pikeville, KY	150
10/27/11	Wal-Mart	Prestonsburg, KY	200
	<b>Totals:</b>	<b>13 Transactions</b>	<b>\$1,550</b>

Source: Auditor of Public Accounts based on Department bank statements.

While detailed invoices were not available to support the debit and credit card purchases made, the same pattern of spending appears to indicate that the same types of purchases were being made through the use of the District credit card, Department debit card, and the store charge account. Based on this accumulative information, it appears that District and Department funds could have been used to purchase well over \$12,950 in gift and shopping cards.

When gift cards or shopping cards are purchased from a vendor it could no longer be determined who used the card or what purchases were made with these funds. The funds placed on these cards can be used by whoever is in possession of the cards. The purchase of gift or shopping cards with District and Department funds should not be allowed because the person using the funds and items purchased can no longer be identified. This significantly increases the risk that funds could be used for purposes other than legitimate business purposes.

**Recommendations** We recommend the District Board and Department membership no longer allow District and Department funds to be used for the purpose of purchasing gift and shopping cards. This restriction should be clearly stated in a formal written policy developed, as recommended, in recommendations made in Findings 1 and 2.

---

## Chapter 2

# Findings and Recommendations

---

**Finding 5: Over \$9,800 in questionable expenditures were placed on District credit card.**

---

Over \$65,000 of District funds were used to pay the charges of a District credit card from May 2006 through July 2009. While the credit card was reportedly obtained for the purpose of purchasing fuel for District and Department vehicles, auditors identified over \$9,800 in questionable charges. The charges questioned were made at restaurants, food stores, hardware stores, super stores, a jewelry store, and a local clothing store.

The credit card payments were identified while reviewing bank records for the District checking account for the period February 2007 through February 2012. Because the bank records contained no check details until the October 31, 2007 bank statement, auditors initially identified the first credit card payment withdrawal on October 9, 2007. From these bank records over \$39,930 in credit card payments were identified.

According to the Chief, the District Board approved opening a credit card account strictly for the purpose of purchasing fuel for District and Department vehicles. The only documentation available to support this statement are unsigned District Board meeting minutes dated May 15, 2006, which state “[d]ue to the fact that we now have 3 trucks that run on diesel fuel and we do not have a local dealer to purchase fuel from a motion was made to apply for a master card so that fuel can be purchased from any of the stations.”

Although requested, auditors were informed by the Chief that the original credit card invoices and credit card statements could not be found. Auditors contacted a KSP detective who then contacted the credit card company and was ultimately able to obtain credit card statements for the period of November 2007 through June 2009. This information provided some support for the payments made from the District checking account.

A review of the credit card statements provided by KSP identified thousands of dollars were charged on the credit card during that period at restaurants, food stores, hardware stores, super stores, a jewelry store, and a local clothing store. In addition to providing KSP with these summaries, the credit card vendor also provided KSP with a payment history listing all payments made for credit card charges and the associated checking account number from which the payment was made. From this document, it was determined that a total of \$65,615.34 in District funds were ultimately paid from May 2, 2006 through July 7, 2009, for the credit card expenses.

Without examining actual invoices to support the charges from May 2, 2006 through October 2007, auditors cannot state with assurance what items were purchased using the District credit card for that period. See Lock Box Payment History at Exhibit 1.

---

## Chapter 2

# Findings and Recommendations

---

While the \$65,615.34 of total purchases could be questioned solely based on the lack of supporting documentation, certain purchases may be legitimate expenses of the District and Department. Unlike the Department's store charge account described in Finding 2, whose cardholders included multiple individuals unaffiliated with the District and Department, it is understood that there was one credit card issued to the Department, held by the former Assistant Chief/Treasurer that was occasionally used by other Department members for meals while training and for purchasing fuel. As such, auditors are not questioning all purchases made, but only certain purchases that appear to be personal in nature.

After examining available credit card statements, dated November 2007 through June 2009, the following amounts were questioned:

- \$3,800 paid to a super store. See Finding 4 for more on the \$3,800 in super store charges identified on the credit card.
- \$1,726 in restaurant charges. See Finding 3 for more on the \$1,726 in restaurant purchases identified on the credit card.
- \$2,030 in cash advances to the former Assistant Chief/Treasurer and related fees.
- \$1,077 paid to food stores.
- \$868 paid to Paypal accounts.
- \$140 paid to a florist.
- \$169 paid to a jewelry store.
- \$52.99 paid to a local clothing store.

See Appendix 2 for all questioned credit card expenditures, with the exception of the \$3,800 in super store charges and \$1,627 in restaurant charges, which were identified separately in Table 3 and Appendix 3 for the purpose of other findings.

At the time these purchases were made, the District did not have a policy providing guidance for the proper use of a District credit card or a requirement for documentation to be maintained to support expenditures made from either District or Department accounts. Although the District credit card account was closed, the District has still not implemented formal written policies to assist in safeguarding its funds and other assets. The District Board and Department membership are responsible to ensure funds are used for a business purpose and not for personal benefit.

While the District should implement formal policies and procedures to address the use of its funds and other assets, Department members are still responsible to ensure these funds and assets are used appropriately for a business related purpose.



**Chapter 2**  
**Findings and Recommendations**

**Recommendations** For additional recommendations regarding credit account acceptable use, oversight and expenditure review see Finding 2.

**Finding 6: \$8,250 in payments were made directly to the Assistant Chief/Treasurer.** Through checks written from the District and Department checking accounts and from cash advances found on the District credit card, auditors identified \$8,250 in payments made to the Assistant Chief/Treasurer. These payments, at least in part, appear to have been made directly to the Assistant Chief/Treasurer solely at his initiation and approval. See Table 7 for the detail associated with these payments.

**Table 7: Payments to the Former Assistant Chief/Treasurer**

<b>Payments Made From District Checking Account</b>					
<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Amount</b>	<b>Check Memo Line Description</b>	<b>Signature</b>
3/31/08	2394	Terry Triplett	\$500	Equipment	Terry Triplett
9/5/08	2460	Terry Triplett	350	Tires Unit 603-T	Terry Triplett
<b>Total:</b>		<b>2 Transactions</b>	<b>\$850</b>		
<b>Payments Made From Department Checking Account</b>					
<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Amount</b>	<b>Check Memo Line Description</b>	<b>Signature</b>
11/2/09	889	Terry Triplett	\$400	Auditor unable to read	Terry Triplett
2/24/12	903	Terry Triplett	5,000	Blank	Terry Triplett
<b>Total:</b>		<b>2 Transactions</b>	<b>\$5,400</b>		
<b>Cash Advances on District Credit Card</b>					
<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Amount</b>	<b>Check Memo Line Description</b>	<b>Signature</b>
11/29/07	9100	Terry Triplett	\$1,000	N/A	N/A
12/21/07	3326	Terry Triplett	1,000	N/A	N/A
<b>Total:</b>		<b>3 Transactions</b>	<b>\$2,000</b>		
<b>Grand Total:</b>		<b>7 Transactions</b>	<b>\$8,250</b>		

Source: Auditor of Public Accounts based District and Department bank and credit card statements.

According to the Chief, all Department members, including officers of the Department serve on a volunteer basis and are not paid. Department members were reimbursed for the cost of their meals while attending fire school training.

Documentation to support payments made to the Assistant Chief/Treasurer could not be found. However, one instance was identified where the check memo line description agreed with an item reportedly approved to be purchased by the District Board during a monthly meeting.

---

**Chapter 2**  
**Findings and Recommendations**

---

Unsigned Board meeting minutes for September 15, 2008, document that the Board approved the purchase and installation of new tires for Unit 603-T. While this purchase appears to agree with the check memo line of check 2460 written from the District checking account to the former Assistant Chief/Treasurer, the check date shows that the transaction occurred 10 days prior to the reported approval by the Board for the purchase of the tires.

While it is possible that check 2460 made payable to the former Assistant Chief/Treasurer was for the purpose of reimbursing him for tires needed for Unit 603-T, it is questionable for many reasons, including: (1) the check was written days in advance of the reported Board approval; (2) the motion reportedly approved by the Board is for the purchase and installation of tires and not an authorization to reimburse anyone; (3) no supporting documentation for the payment was available; and, (4) the former Assistant Chief/Treasurer made the check payable to himself and then applied his own signature to the document to approve the payment.

***Recommendations***

We recommend the District Board and Department membership consider seeking reimbursement from the former Assistant Chief/Treasurer for the payments made to him from District and Department funds.

We recommend the District Board and Department membership implement a dual signature requirement for all checks from all accounts. If a check is being written payable to one of the individuals authorized to sign checks, we recommend the two signatures approving the check not be that of the payee.

See Finding 3 for further recommendations pertaining to the travel and expense reimbursement process.

---

**Finding 7:**  
**Payments to the**  
**District and**  
**Department**  
**totaling**  
**approximately**  
**\$4,000 were not**  
**deposited.**

---

On at least three occasions, it appears that the total amount of payments made to the District or Department failed to be deposited into a District or Department account. This resulted in a loss of approximately \$4,000.

February 11, 2009 was the first instance that it appears the full amount of the deposit was not made. In this instance, the former Assistant Chief/Treasurer wrote check number 2537 payable to “Garrett Fire Department” in the amount of \$1,500, indicating on the check memo line that the purpose of the payment was for “Transfer of funds building supplies;” however, the check was not fully deposited into a Department account. Instead, on February 11, 2009, a bank deposit image shows a deposit of \$1,000 in currency, rather than the deposit of a \$1,500 check. Auditors reviewed all known Department accounts but did not find an additional \$500 or a separate \$1,500 deposit into those accounts to resolve the discrepancy.

**Findings and Recommendations**

---

The second instance also involved a check for funds payable to the Department. In this instance, a check was written from the Floyd County Fiscal Court to the Department in the amount of \$2,600 on December 7, 2009. The image of the back of the check indicates that the check was processed on December 16, 2009. Auditors examined bank records of all known District and Department accounts for deposits made during that same time period and found a \$600 deposit of “currency” was made on December 16, 2009 into the Department checking account. Because the process date is the same as the date of the deposit into the Department checking account and there were no deposits matching the full check amount in any known District or Department account, it appears that either the entire amount of the check is unaccounted for or the check was cashed and \$2,000 was not properly deposited.

Finally, the third instance identified occurred on January 11, 2010, as \$8,000 was deposited into the District checking account. The bank image of the deposit slip indicates that the deposit was from a \$9,255.47 payment to the District from the Sheriff’s Office. The deposit was then reduced by \$1,255.47 in cash. No signature or other identifying information was found on the deposit image to indicate who received the \$1,255.47 in cash.

***Recommendations***

We strongly recommend the District Board and Department membership implement stronger internal controls over the receipt and deposit of funds. This may be accomplished in part by designating different individuals to receive and deposit the funds on behalf of the District and Department.

We recommend the District Board and Department membership attempt to recoup the funds that were not deposited into the District and Department accounts.

See additional recommendations pertaining to procurement in Finding 2.

---

**Finding 8: District and Department funds were used to make \$1,950 in donations.**

---

According to bank records provided by the Department, the former Assistant Chief/Treasurer signed 11 checks, totaling \$1,950 from District and Department checking accounts for the purpose of donations, the majority of which were made to a local Masonic Lodge. Of the total \$1,950, over half of the donations were paid through District funds, which are derived from ad valorem taxes charged by the District. Donations made from the District and Department checking accounts are detailed in Table 8.

**Chapter 2**  
**Findings and Recommendations**

**Table 8: Donations Made From District and Department Funds**

<b>Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Amount</b>	<b>Account</b>
6/23/06	851	Maytown Fire Dept.	\$100.00	Department Checking
7/12/06	852	Wayland Ways & Mean's	100.00	Department Checking
5/18/07	864	James W. Alley Lodge #869	200.00	Department Checking
6/10/08	2419	James W. Alley Lodge #869	200.00	District Checking
9/15/08	2454	Maytown Fire & Rescue	200.00	District Checking
6/9/09	2579	James W. Alley Lodge #869	400.00	District Checking
10/5/09	888	James W. Alley Lodge #869	100.00	Department Checking
5/10/10	890	James W. Alley Lodge #869	200.00	Department Checking
5/10/10	2739	James W. Alley Lodge #869	200.00	District Checking
4/15/11	896	M.F.P.S.	50.00	Department Checking
6/15/11	2894	James W. Alley Lodge #869	200.00	District Checking
<b>Totals:</b>		<b>11 Transactions</b>	<b>\$1,950</b>	

Source: Auditor of Public Accounts based on information provided by the District and Department.

Auditors examined District and Department meeting minutes made available to this office and found no formal authorization of these payments. According to the Chief, these donations were not authorized and as such should not have been made. The Chief acknowledged that he and other members of the Department are members of the local Masonic Lodge, but noted that the former Assistant Chief/Treasurer was not a member. The Chief did not know the purpose of the payments and did not believe the payments made to the Lodge were in any way affiliated with any Department members' membership to the Lodge.

**Recommendations** We recommend the District Board and Department membership develop a policy regarding the practice of making donations with either District or Department public funds. We recommend that public funds be used for a business related purpose. Once a policy is developed, it should be documented in writing and approved by the District Board and Department membership.

**Findings and Recommendations**

---

**Finding 9: Over \$1,300 in apparent personal purchases were made directly from District and Department checking accounts.**

Auditors identified \$1,313 in apparent personal purchases made directly from District and Department checking accounts for items such as fireworks, gold star badges, red/blue lights, and super store purchases. These purchases do not appear to be affiliated with the role and responsibility of the District or Department but, rather, appear to be personal use items.

On February 3, 2010, a check for \$353 was paid to a vendor for the purpose of purchasing two gold star badges and a red and blue rear centre high mount stop lamp. This was one of the few purchases that the District could find supporting documentation for the transaction.

According to the Chief, the Department does not use either gold stars or red and blue rear lights. He stated that the lights were mounted on the vehicle the former Assistant Chief/Treasurer purchased earlier in 2009. See Finding 10 for more information on the purchase of this vehicle. When the vehicle was returned to the District, the lights had been removed.

The remaining questioned purchases from this total were incurred in Indiana, which as is described in Finding 2, was associated with an individual who is not a member of the Department. These six expenditures, totaling \$960.08, were made on the Department debit card and included annual firework purchases and super store purchases. Table 9 provides detail for each of these purchases.

**Table 9: Personal Purchases Identified on Department Debit Card**

<b>Transaction Date</b>	<b>Vendor</b>	<b>Amount</b>	<b>Location</b>
7/9/07	Wal-Mart	\$51.82	Goshen, IN
11/26/07	Wal-Mart	27.31	Goshen, IN
1/2/08	Shelton Fireworks	268.56	West Harrison, IN
12/29/08	Wal-Mart	41.87	Goshen, IN
1/2/09	Shelton Fireworks	242.48	West Harrison, IN
1/4/10	Shelton Fireworks	328.04	West Harrison, IN
<b>Totals:</b>	<b>6 Transactions</b>	<b>\$960.08</b>	

Source: Auditor of Public Accounts based on Department bank statements.

**Recommendations**

We recommend the District Board and Department membership again attempt to recover those funds clearly expended by individuals for personal purposes.

See Finding 2 for further recommendations pertaining to establishing a procurement policy.

---

**Findings and Recommendations**

---

**Finding 10: The Former Assistant Chief/Treasurer purchased a vehicle without authorization from the District Board.**

In March 2012, the District was informed that a 1999 Crown Victoria, initially believed to be a personal vehicle belonging to the former Assistant Chief/Treasurer, was actually registered in the District’s name. However, District Board meeting minutes did not document that this purchase was ever discussed or approved by the District Board.

In discussing this matter with the Chief, he stated that the former Assistant Chief/Treasurer, at the time of the purchase, presented the vehicle as a personal purchase he had made and indicated he purchased the vehicle to prepare for his anticipated election to a local law enforcement position. The Chief also stated that the former Assistant Chief/Treasurer later equipped the vehicle with a light bar, including both red and blue lights, which are not used on other District or Department vehicles.

Vehicle registration information obtained through the Kentucky Transportation Cabinet shows that the former Assistant Chief /Treasurer registered the vehicle in the District’s name on June 29, 2009. Auditors examined bank account records for both the District and Department in an attempt to identify the exact funds used to make the purchase; however, auditors were unable to clearly identify the purchase of the vehicle.

Although auditors were unable to identify the exact source of funds used to purchase this vehicle, a \$3,000 cash withdrawal was made from the Department savings account on June 29, 2009, the same day the vehicle was registered. The NADA value of the vehicle on file with the Floyd County Clerk’s Office at the time was \$4,025. Because the cash withdrawal is close to the NADA value at the time of the registration, and the withdrawal was made on the same date as the vehicle registration, it appears these funds may have been used to purchase the vehicle.

While the District and Department records were incomplete, and many invoices and receipts were not found at the fire station as is reported in Finding 12, Department members found four vendor receipts at the fire station indicating repair work was performed on a 1999 Crown Victoria. These four receipts were all dated in October 2009 and totaled approximately \$579.

Again while payments to these vendors on these specific dates were not identified through a review of District and Department bank accounts, auditors noted that there was a significant amount of cash withdrawn from the Department checking account around the time of the repairs. Given that there were sufficient cash withdrawals around the time of the repairs, the invoices were found at the fire station, and the vehicle is registered to the District, it appears these invoices may have been paid with either District or Department funds.

## Findings and Recommendations

---

The review of District credit card statements, the Department Store charge account records, and other Department debit card purchases, provides the appearance that additional costs were incurred by the District and Department to maintain and regularly operate the vehicle. However, because of the lack of records at the fire station, auditors were unable to calculate an amount of expenses attributable to the vehicle after its purchase.

### *Recommendations*

We recommend the District Board and Department membership establish a formal written policy to require that all purchases of equipment, including vehicles, over a certain amount be preapproved by the governing body.

We recommend the District Board and Department membership establish a formal written policy that requires vehicles registered to the District or Department to be equipped only with lights and other equipment that may be used in the official capacity of the Department.

We finally recommend the District Board and Department membership establish a formal written policy requiring all vehicles registered to the District or Department be identified as such with an official seal on the door of the vehicle and require that the use of the vehicle be restricted for official use only.

See Finding 2 for other recommendations.

---

### **Finding 11: Personal and pornographic files were found on Department computer, external drive, and USB thumb drive storage device.**

---

According to the Chief, the former Assistant Chief/Treasurer had a District owned desktop computer, external drive, and USB thumb drive at his residence. Subsequent to the former Assistant Chief/Treasurer leaving the state, these electronic devices were taken by the Department and provided to auditors for examination. In an attempt to gather more information regarding the District and Department's finances, auditors examined the computer and drive storage devices and found several personal and pornographic images.

Through a forensic analysis performed of these devices, auditors discovered hundreds of explicit pornographic videos and images. In total, approximately 890 pornographic videos were saved to these devices. Over 290 of these videos were available on the hard drive of the desktop computer and the external drive contained over 580 pornographic videos and approximately 125 graphic images. Also, approximately 10 adult videos were saved to the Department's USB thumb drive.

In addition to the pornographic images, auditors found several personal files including, but not limited to, the following:

- A harlequin romance novel.

## Findings and Recommendations

---

- A speech written for the former Assistant Chief/Treasurer while campaigning for a local constable office.
- Over 40 files associated with a county sheriff prisoner transport records and fuel logs. As is detailed in Finding 2, the former Assistant Chief/Treasurer also served as a special deputy for the Sheriff's Office.
- Calendar year 2008 and 2011 Federal and State tax returns completed for an individual living in Indiana having the same last name of the former Assistant Chief/Treasurer. This individual was listed as a cardholder on a store charge account of the Department. See Finding 2.
- Genealogy material which appears to be related to the former Assistant Chief/Treasurer.
- Three files depicting a picture of a local middle school technology team. The text accompanying the picture indicates one member of the team shares the same last name as the former Assistant Chief/Treasurer.

While extensive personal use of a District computer and storage devices is inappropriate in that they should be used for a business purpose, the District does not have a formal written policy related to the use of District resources. By having a specific computer and internet usage policy, the District establishes expectations for members and provides safeguards for District records against potential exposure to computer viruses and tools that may interfere with computer security.

Although the District does not have a formal written policy, this does not negate members' responsibility to ensure that District and Department resources are used appropriately. Department members have a responsibility to the public, as does the Board, and as such should ensure the computers and other equipment owned by the District and Department are used for the business purpose of performing their work.

### ***Recommendations***

We recommend the District Board develop a policy relating to the proper use of District equipment. The policy should include a specific section relating to member use of District computers. Through this policy the Board should clearly define what constitutes allowable and unallowable use of the computer. The policy should strictly disallow the use of District computers for the viewing, downloading, or sharing of pornographic materials. Once developed the policy should be documented in writing, approved by the District Board and distributed out to members. Members should then be required to sign an acknowledgement statement documenting that they have received, reviewed and understand the policy. The signed acknowledgements should then be maintained as an official record.

---



**Findings and Recommendations**

---

**Finding 12:  
Various financial  
records were  
missing from the  
District and  
Department.**

---

The examination of District and Department financial transactions found that vendor invoices, credit card statements, receipts, and various other financial records were missing. According to the Chief, very few financial records could be located after the former Assistant Chief/Treasurer left the Department. Due to the lack of records, the Chief, on several occasions subsequent to the Assistant Chief/Treasurer leaving the state, made requests to various vendors for billing statements. These records were made available for auditors to review, as well as additional financial related information obtained for the purpose of this examination by the KSP through subpoena of financial and credit institutions.

Section 3 of the Department by-laws states, “[t]he secretary-treasurer shall have charge of the minute books, records, and papers belonging to the department.” Based on this section of the by-laws, it is clear that the former Assistant Chief/Treasurer was responsible for the maintenance of the Department’s financial records. While no policies or written documents provide this same requirement for the District records, financial documents obtained for the District indicate that the finances of the District were also handled by the former Assistant Chief/Treasurer. Due to documents received and information provided by the Chief and Assistant Chief, it appears District records were also under the control and possession of the former Assistant Chief/Treasurer.

The location of the original records could not be determined and emphasizes the necessity for the District and Department to implement policies and internal controls to safeguard financial records. The policies and controls should be comprehensive and address the specific position responsible for receiving, maintaining, and reporting information. Internal controls should provide for supervision to ensure the policies are consistently followed, that records are maintained in a secure location with limited access, and that records are electronically backed-up on a secured machine having only limited authorized access to the these records.

***Recommendations***

We recommend the District and Department Board establish a formal written policy to specify the specific personnel position responsible for receiving, maintaining, and reporting financial related information.

We recommend the policy also specify the process followed to accomplish this responsibility such as the method to store original and electronic forms of records, the retention period for various records to be maintained and the means of disposing of each type of record. In developing the policy, the District Board and Department membership should take into consideration auditing and reporting requirements of each entity.

## Findings and Recommendations

---

In addition, we recommend internal controls be established to ensure the position responsible for receiving, maintaining, and reporting financial information is properly supervised to ensure these functions are properly performed. Internal controls should also be established to ensure that records are stored in a secured location, both in original and electronic form, and only accessible to authorized personnel. Finally, we recommend Board meeting minutes document financial reports made.

---

**Finding 13:  
Infrequent and  
false financial  
reporting was  
provided to  
District Board and  
Department  
membership.**

---

A comparison of financial reports found at the fire station to original bank records found several significant discrepancies in the financial reports. Due to these discrepancies and statements made by certain Board members, it appears inaccurate financial reports were presented to the Board and that monthly financial reporting was not consistently made to the Fire District Board or the Department membership during the examination period.

Per Department by-laws dated January 6, 1982, the Treasurer, “shall keep an accurate record of all financial matters of the department,” and, “shall also give a treasurer’s report at each regular meeting.” According to the Chief, although not required by a written policy or a by-law of the District, the same financial reporting should be required to consistently be made to the District Board each month by the Treasurer.

Auditors requested copies of all District and Department financial reports presented to the District Board and Department membership during January 1, 2007 through February 2012. In response to this request, the Chief and Assistant Chief provided auditors with various financial reports found at the fire station for that period. The financial reports provided by the District were primarily from the 2007 calendar year, with a few reports provided for the District in 2008 and 2011. The Department reports provided were entirely for the calendar year 2007, with no Department financial reports found past December 2007.

According to the Chief and other Department members, monthly financial reporting was not routinely made to the District and Department by the former Assistant Chief/Treasurer as was required. One member stated that it had been several years since a financial report was presented to the Department membership. The Board apparently did not question the failure to report financial information.

An examination of financial reports provided to this office identified several discrepancies including wrong check numbers associated with checks, purchases made to one vendor identified as a payment to a different vendor, checks written for one purpose with the memo line on the check image indicating the check was for a different purpose, and payments made to vendors that failed to be reported.

Table 10 details the discrepancies identified in the financial reports examined by District and Department:

## Findings and Recommendations

Table 10: Discrepancies Identified in District and Department Financial Reports

Entity/Account	Financial Period	Description of Error
<b>District Checking Account:</b>	3/1/08 through 3/24/08	Report did not include a \$500 checking withdrawal made by the former Assistant Chief/Treasurer made on March 14, 2008.
	5/1/11 through 5/16/11	Report includes several checks with the wrong check numbers. <ul style="list-style-type: none"> <li>• Check 2884 was presented as a \$30.66 utility payment when it was actually a \$375.11 payment to a vendor that sells police and fire gear. The \$375.11 payment was never reported.</li> <li>• The amount of check number 2887 to a utility provider was reported as \$228.41, exactly \$100 less than the actual amount of the payment which was \$328.41.</li> </ul>
	4/1/11 through 4/18/11	Report includes several checks with the wrong check number. <ul style="list-style-type: none"> <li>• Check number 2868 written on 4/9/11 was presented as a payment to a local Certified Public Accountant (CPA) for tax preparation in the amount of \$425; however, the check image shows check 2868 was payable to a hardware store in the amount of \$207.79 and the CPA confirmed to auditors that she had not performed work for the District or Department since 2008.</li> <li>• Check 2869 was presented in the financial report as a utility payment; however, the payment was to a different vendor altogether. The actual utility payment was paid through check number 2873 in the amount of \$425.42; however, payment in that amount was never reported.</li> </ul>
<b>Department Checking Account:</b>	3/1/07 through 3/31/07	Report shows a \$20 debit card transaction as fuel purchased at a gas station; however, the bank statement for this period shows the debit charge was made at a nearby State Resort Park, not a fuel vendor.
	10/1/07 through 10/31/07	Report shows a \$32.26 debit card purchase at a local fast-food restaurant categorized as “Groceries” rather than “Dining”.
	11/1/07 through 11/30/07	<ul style="list-style-type: none"> <li>• Report shows a \$202.50 charge to “Labor” rather than a vendor or cash withdrawal; however, the bank statement shows the charge as a cash withdrawal from the ATM along with a fee.</li> <li>• Report shows check number 876 in the amount of \$500 as a cash withdrawal for window installation; however</li> <li>• Report does not include a \$27.31 debit card transaction made at a vendor in Goshen</li> </ul>

---

**Chapter 2****Findings and Recommendations**

---

Entity/Account	Financial Period	Description of Error
	12/1/07 through 12/31/07	Report shows check number 878 as “Work on Stati” rather than a vendor or cash withdrawal and states the memo is for “Paint/lumber” and charged to Building Cost; however, the bank check image shows check number 878 is paid to “Cash” in the amount of \$300 and the check memo indicates the purchase is for “Fruit & Candy for Santa Run”.

Source: Auditor of Public Accounts based on documentation provided by the District and Department.

The discrepancies found in the reports in Table 10 raise “red flags” or concerns that support the need for proper segregation of duties as is reported in Finding 16.

***Recommendations***

We again recommend the District Board and Department membership analyze its current financial oversight process and ensure policies and internal controls are implemented to provide appropriate oversight of financial activity and that specific duties are properly reviewed and segregated.

We recommend the District Board and Department membership establish a formal written policy that specifies the financial reporting to be made to the Board or membership and the frequency for reporting the financial activity. The policy should establish the types of expenditures that should be presented to the board or membership for preapproval and those expenditures that constitute a normal course of business that can be determined by the treasurer. We further recommend the policy establish a dollar amount that requires board or membership review and approval.

We recommend the Board have an agenda item each month for the financial statements and other significant financial activities to be presented. We also recommend the Board strengthen its oversight and review and ask questions regarding the financial activity.

---

**Finding 14:  
Required financial reporting was not provided to federal and state agencies.**

For the period under examination, the District did not submit the proper financial reports to the Kentucky Department for Local Government (DLG) as required by KRS 65.065 and 65.905. In addition, the Department did not make required financial reporting to the Internal Revenue Service (IRS) and as a result lost its tax-exempt status.

---

## Chapter 2

# Findings and Recommendations

---

Each year special taxing districts are required by KRS 65.065 to prepare a budget and then submit that budget to the fiscal court of the county (or counties) in which the district has jurisdiction and the information is then submitted to DLG. The budget of the district is not effective until it has been filed in this manner. KRS 65.065 further states, “[n]o moneys shall be expended from any funds or any sources, except in accordance with the budget which has been filed with the fiscal court to be available for public inspection.”

According to DLG, the budget database, which contains data dating back to 2007, shows that no budgets were received by DLG from the District until recently when the District Chief submitted a budget for fiscal year 2013. In discussing the budget process with the Chief, auditors found that historically the District Board was not involved at any point in the development, review, or approval of the budget before it was to be submitted.

According to the Chief, the District thought that the former Assistant Chief/Treasurer prepared and submitted the budget each year as well as all required financial filings on behalf of the District. He stated that the District did not realize the financial filings were not being submitted until after the former Assistant Chief/Treasurer left the District.

In addition to a budget, the District is also required to file a Uniform Financial Report (UFIR) to DLG to report its annual revenues and expenditures. Despite statute KRS 65.900, which requires special districts to submit a UFIR annually to DLG, DLG records for the last three completed fiscal years, indicate that the District did not submit a UFIR since 2007.

Finally, auditors were informed by the Chief that the Department was engaging the services of an accountant to assist the Department in becoming current with its federal Form 990 submittals. The Chief stated that the Department received notification from the IRS that it had not submitted a completed 990 and as such had lost its tax-exempt status.

The letter provided in Exhibit 2, was found by auditors in files maintained on a Department computer reportedly used by the former Assistant Chief/Treasurer at his home. See Finding 11 for details associated with this computer review. The letter is addressed to the IRS from the Assistant Chief/Treasurer requesting reinstatement of the Department’s tax-exempt status.

The letter to the IRS from the former Assistant Chief/Treasurer states that the CPA used by the Department had retired in 2008 and after discussing the matter with other area fire departments he believed he did not need to submit the forms to the IRS. Auditors contacted the Department’s former CPA who previously assisted the District and Department with its UFIR and 990 tax filings and she stated that she did not retire but was never contacted again by the former Assistant Chief/Treasurer to perform work on behalf of the organization.

**Findings and Recommendations**

---

The Chief stated that the former Assistant Chief/Treasurer always indicated to the Board that the budgets, audits, and other financial matters were being addressed. The Chief stated that the Board simply trusted that the finances were being properly handled and as such did not question anything.

As leaders of a public agency the District Board has certain fiduciary responsibilities entrusted to it by the public they serve. To fulfill its fiduciary responsibilities, the Board should be more engaged in the budget and reporting process and should not rely on a single individual to handle all financial matters. It is ultimately the Board's responsibility to ensure the tax revenues collected are being used in the most economic manner and for the ultimate benefit of the taxpayers the District serves.

***Recommendations***

We recommend the District Board be actively engaged in the budget and financial review process to ensure that spending aligns with the organizations' responsibility to provide efficient and effective fire protection to its taxpayers. At a minimum, the Board should review, question, and ultimately approve the budget prior to it being submitted to the counties and DLG. We recommend the Board provide strong oversight to ensure the operations are conducted in a consistent and effective manner.

We recommend the Board develop a process for monitoring the status of the budget throughout the year. We recommend specific elements of this process include a review of monthly financial statements and a review of quarterly statements and year-end projections by the Board. We recommend policies be developed that require budget variances to be discussed and clearly explained by the treasurer to the Board.

We recommend the District Board and Department membership take the necessary steps to ensure all reports are completed and up-to-date with state and federal regulators.

---

**Finding 15:  
District and  
Department funds  
were comingled  
and used at the  
discretion of the  
former Assistant  
Chief/Treasurer.**

---

District and Department funds were used interchangeably by the former Assist Chief/Treasurer when conducting business on behalf of each organization. According to the Chief, District funds were to be used for operational expenses such as utilities, purchase of new equipment, building and equipment maintenance, and training expenses. The Chief further stated that Department funds, which are derived from State Aid and public donations, were to be used for miscellaneous items such as training expenses when District funds could not be accessed for some reason and for a few small meals or cookouts occasionally provided to Department volunteers.

---

## Chapter 2

# Findings and Recommendations

---

Auditors found instances where district funds were used to pay off accounts held in the name of the Department, transfers were made between District and Department accounts without documented approval from the District Board, and funds placed in a Certificate of Deposit (CD) in the name of the District were deposited into a savings account in the name of the Department and not used entirely as the District Board directed.

*District Funds used  
to pay Store Credit  
Card held in  
Department name*

Over \$22,000 of District funds were used to pay the balance of a store credit card account held in the name of the Department. From July 2007 through February 2012, a store credit card issued under the Department's account was held by as many as four individuals, three of which were not members of the Department, but, according to the Department Chief, were reportedly related to the former Assistant Chief/Treasurer. The only other store credit card related to the Department was issued to the former Assistant Chief/Treasurer.

The review of the store credit account charges identified several questionable transactions as detailed in Finding 2, which included personal purchases such as televisions, groceries, gift cards, antacids, beer, and chewing tobacco. These purchases appear to be personal in nature and it appears no one at the District, other than the former Assistant Chief/Treasurer, was aware of the details of the items purchased through the store account. While other items purchased may be legitimate Department expenditures, auditors question the appropriateness of routinely using District funds to pay for miscellaneous items on behalf of the Department.

*Fund transfers  
between accounts*

### District Checking to Department Checking accounts

A review of District and Department bank statements and District Board meeting minutes found that the former Assistant Chief/Treasurer from November 19, 2007 through December 27, 2011, transferred \$35,000 of District funds to the Department checking account without prior approval from the District Board. Of the \$35,000 total transferred from the District checking account to the Department checking account, minutes provided to auditors only document one motion made and approved on March 16, 2009, for a \$1,000 transfer to be made to the Department account. While approval was given on this one occasion to transfer District funds to the Department account, the actual transfer occurred on March 13, 2009, three days prior to the meeting; therefore, indicating that the transfer was done prior to the approval given.

---

## Chapter 2

# Findings and Recommendations

---

### Department Savings to District Checking accounts

A review of District and Department bank statements and District Board meeting minutes found the former Assistant Chief/Treasurer from October 2, 2008 through December 2009, transferred approximately \$46,000 from the Department's savings account to District's checking account without documented approval from, or disclosure to, the District Board. While the disclosure of these activities may have been presented to the Board in a monthly financial report, as reported in Finding 13, the District did not maintain record of all reports presented to Board members at the monthly meetings.

*District CD funds  
placed in  
Department savings  
account*

District Board meeting minutes for June 16, 2008, which were not signed by the Board Chair, indicate that the Board passed a motion to move Fire District CD funds "into a saving account when it matures on June the 21 of 2008, for the purpose of paying off Engine 600." At the time this motion was made, the District and Department each held a separate checking and savings account; however, three days later the District savings account was closed with its \$8.70 balance withdrawn and deposited into the Department savings account. On June 27, 2008, when the CD was cashed, its funds totaling \$65,365.73 were deposited into the Department savings account, which was the only savings account open at that time.

District Board meeting minutes did not document a discussion or motion by the District Board to close the District's savings account. Technically, while the former Assistant Chief/Treasurer placed the District CD funds into "a savings account", auditors question whether the intent of the District Board was to place the \$65,365.73 in District Funds into a Department savings account. The balance of the vehicle was not paid off until May 2009 when \$37,980.49 was paid directly from the District checking account. It should be noted that a transfer of that amount was never made from the Department savings where the CD balance was deposited. In this instance, the former Assistant Chief/Treasurer did not comply with the intent of the District Board. There is no disclosure of this final payment to the District Board in meeting minutes.

By comingling the funds of the District with that of the Department and treating the funds interchangeably, as done by the former Assistant Chief/Treasurer, the District lost its ability to properly account for the tax revenues it has received. Fundamental internal controls such as proper segregation of duties over the financial processes and periodic audits conducted by an independent CPA, if implemented, would have helped to prevent such activity from occurring. The District Board is responsible to ensure that sufficient internal controls over financial activity are implemented and monitored.



**Findings and Recommendations**

---

**Recommendations** We recommend the District Board provide appropriate oversight to ensure financial activity is properly monitored. The Board should act to develop and implement policies and internal controls to ensure appropriate segregation of duties exist over financial responsibilities and reporting of financial activities to the Board. See recommendations made throughout this report in Findings 1 through 14, and 16 through 17.

---

**Finding 16: The District and Department lacked segregation of duties and formal policies for financial management.**

---

District and Department finances were often initiated, consistently recorded, and reported by the former Assistant Chief/Treasurer with no assistance or oversight creating a lack of segregation of duties for the receipt, deposit, and expenditure of District and Department funds. Furthermore, the District Board and Department did not establish financial policies for the procurement of goods and services, proper use of District and Department funds, and prior preapproval for expenditures exceeding a specified amount.

According to the Chief, the former Assistant Chief/Treasurer was the only individual involved in the receipt and deposit of funds into District and Department bank accounts. While examining financial institution records, along with vendor credit statements, auditors found the Assistant Chief/Treasurer was the person who signed the checks and the only person listed as the District and Department representative on certificates of deposit and vendor charge account records.

Although the District Board and Department did not establish formal written financial policies, the Department established its checking account with a dual signature requirement on their checks. Authorized check signatures included the former Assistant Chief/Treasurer and three other Department members. Checks from the District checking account did not require a second signature. As a result, checks written from the District account, based on documentation available from September 28, 2007 through February 21, 2012, contained only the signature of the former Assistant Chief/Treasurer.

Despite the Department account requirement for checks to have dual signatures, checks written on the account from November 28, 2005 through February 24, 2012, had only the signature of the Assistant Chief/Treasurer. According to the Chief, no one at the Department questioned why they were not asked to sign checks and each of the other authorized signers assumed another authorized person provided the second signature to the Department's checks.

While there were many checks written from the Department checking account, the vast majority of withdrawals from this account occurred using the Department account debit card. The use of a debit card eliminates the need of a secondary approval entirely and increased the risk of the Department checking account being vulnerable to abuse or misappropriation of funds.

## Findings and Recommendations

---

The former Assistant Chief/Treasurer stated in a March 16, 2012 email to a KSP Detective, “[I]ook at the By-laws for the department from 1981 to 2011, because I was authorized to spend up to \$1000 without prior approval.” However, the Chief stated to auditors that the former Assistant Chief/Treasurer was allowed to spend up to \$100 in a single transaction without approval of the Board unless the expense was for fuel or for an emergency. The Chief also stated that it was expected that the former Assistant Chief/Treasurer would report all expenses of the District and Department to the Board and members.

Department by-laws, established in 1981 and revised over subsequent years, provided the only formal written guidance for the expenditure of funds from the Department. Article 5, Section 5 of the Department by-laws states, “[t]he chief, the assistant chief, and the secretary-treasurer shall have the authority [*sic*] to purchase necessary supplies or make necessary repairs [*sic*], within a reasonable amount and present their expense account at the next meeting.” There is no specific amount stated in the by-laws, or any revision of the original by-laws, authorizing an officer of the Department to spend up to a certain amount without prior approval. The Department by-laws state “within a reasonable amount”.

Established written policies and enforcement of these policies are essential to provide proper oversight and control of an organization’s financial activity. The by-laws established by the Department do not provide a sufficient level of detail to effectively operate the Department’s daily financial activity. The Department must implement formal written policies to ensure responsibilities are clearly established.

Further, the District cannot assume that a general guideline established in the by-laws of the Department will be followed by officers in management of District funds. The District Board has a responsibility to provide sufficient oversight and to implement policies and internal controls to ensure that its funds are effectively and efficiently managed for authorized purposes.

### ***Recommendations***

Again, we recommend the District Board develop and implement formal written policies to ensure the efficient and effective use of funds for authorized purposes. Policies should require dual signatures for account activity and address the use of an account credit or debit card. If the use of a debit card is continued, we recommend the authorized use of debit cards only for specific individuals and only allowed in the event of an emergency.

See recommendations made in other findings throughout this report.

---

---

## Chapter 2

# Findings and Recommendations

---

**Finding 17: No financial statement audits were performed despite state and Department requirements.**

---

Though required by the state and Department, neither the District nor Department had financial statement audits during the examination period. In fact, the Chief stated to auditors that he was unaware if an audit had never been performed on any District or Department accounts, even prior to the audit period.

KRS 65.065 (2), states:

The governing body of each district which for the year in question receives from all sources or expends for all purposes less than seven hundred fifty thousand dollars (\$750,000) shall annually prepare a financial statement, except that once every four (4) years the district's governing body shall provide for the performance of an audit as provided in subsection (4) of this section.

By this statute, the District, as a special taxing district defined by KRS Chapter 75, is subject to an audit at least every four years. The District clearly did not comply with this requirement and as such is in violation of this statute. Department by-laws actually require more frequent audits to be performed of Department accounts. Article 11, Section 2 states, “[t]he treasurer’s books shall be audited at the end of each calendar year, and at the end of each treasurer’s term.”

As evidenced through the many findings and recommendations included in this report, the District and Department would benefit from financial audits of District and Department funds performed by an independent certified public accountant.

***Recommendations***

We recommend the District Board and Department membership comply with the state and Department audit requirements and initiate having a financial statement audit performed by a certified public accountant. Periodic audits may assist the District and Department in deterring certain activity such as that documented throughout this report, in Finding 1 through 17, from reoccurring.



**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
1/2/2006	Debit Card	Country Table	\$30.65	Nappanee, IN
1/3/2006	Debit Card	Renos of Prestonsburg	\$36.67	Prestonsburg, KY
1/9/2006	Debit Card	Made from Scratch	\$24.06	Martin, KY
1/9/2006	Debit Card	Huddle House	\$16.67	Stanville, KY
1/12/2006	Debit Card	Huddle House	\$19.64	Stanville, KY
1/17/2006	Debit Card	Captain D's Seafood	\$19.65	Pikeville, KY
1/20/2006	Debit Card	El Azul Grande	\$23.59	Prestonsburg, KY
1/23/2006	Debit Card	Ponderosa	\$51.26	Unknown
1/23/2006	Debit Card	Texas Roadhouse	\$38.11	Ashland, KY
1/27/2006	Debit Card	Huddle House	\$16.00	Stanville, KY
2/10/2006	Debit Card	Huddle House	\$18.70	Stanville, KY
2/27/2006	Debit Card	Huddle House	\$20.01	Stanville, KY
3/2/2006	Debit Card	Pizza Hut	\$13.08	Prestonsburg, KY
3/6/2006	Debit Card	Bob Evans Restaurant	\$20.00	Paintsville, KY
3/7/2006	Debit Card	DQ	\$11.27	Martin, KY
3/27/2006	Debit Card	Made from Scratch	\$33.11	Martin KY
4/3/2006	Debit Card	Huddle House	\$16.21	Stanville, KY
4/14/2006	Debit Card	Reno's Roadhouse	\$32.51	Hazard, KY
4/14/2006	Debit Card	Huddle House	\$12.25	Stanville, KY
4/17/2006	Debit Card	McDonald's	\$8.16	Martin, KY
4/21/2006	Debit Card	Shoney's	\$17.07	Paintsville, KY
5/1/2006	Debit Card	Huddle House	\$16.00	Stanville, KY
5/1/2006	Debit Card	Kountry Kitchen	\$13.75	Unknown
5/3/2006	Debit Card	Bob Evans Restaurant	\$21.91	Paintsville, KY
5/8/2006	Debit Card	Lee's Famous Recipe	\$15.65	Hazard, KY
5/8/2006	Debit Card	Ryans	\$44.86	Lexington, KY
5/9/2006	Debit Card	Dennys Restaurant	\$18.50	Eureka, MO
5/10/2006	Debit Card	Pizza Hut	\$13.08	Prestonsburg, KY
5/15/2006	Debit Card	Made from Scratch	\$24.66	Prestonsburg, KY
5/17/2006	Debit Card	Shoney's	\$21.30	Prestonsburg, KY
5/18/2006	Debit Card	El Azul Grande	\$20.60	Prestonsburg, KY
5/30/2006	Debit Card	Applebee's	\$38.98	Pikeville, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
6/5/2006	Debit Card	Huddle House	\$13.40	Stanville, KY
6/12/2006	Debit Card	El Azul Grande	\$23.33	Prestonsburg, KY
6/14/2006	Debit Card	Golden Corral	\$24.55	Winchester, KY
6/15/2006	Debit Card	Huddle House	\$13.78	Stanville, KY
6/28/2006	Debit Card	Captain D's Seafood	\$17.86	Pikeville, KY
6/30/2006	Debit Card	Huddle House	\$20.00	Stanville, KY
7/13/2006	Debit Card	Huddle House	\$17.00	Stanville, KY
7/14/2006	Debit Card	El Azul Grande	\$32.81	Prestonsburg, KY
7/26/2006	Debit Card	Captain D's Seafood	\$19.31	Pikeville, KY
7/31/2006	Debit Card	Shoney's	\$12.61	Paintsville, KY
8/1/2006	Debit Card	Pizza Hut	\$20.00	Prestonsburg, KY
8/10/2006	Debit Card	Billy Rays Restaurant	\$26.63	Prestonsburg, KY
8/11/2006	Debit Card	El Azul Grande	\$20.30	Pikeville, KY
8/14/2006	Debit Card	Huddle House	\$13.62	Stanville, KY
8/21/2006	Debit Card	Billy Rays Restaurant	\$19.99	Prestonsburg, KY
8/22/2006	Debit Card	Lee's Famous Recipe	\$22.06	Hazard, KY
8/23/2006	Debit Card	Pizza Hut	\$16.33	Prestonsburg, KY
8/28/2006	Debit Card	Huddle House	\$18.31	Stanville, KY
8/31/2006	Debit Card	Shoney's	\$16.20	Paintsville, KY
9/5/2006	Debit Card	Captain D's Seafood	\$17.50	Pikeville, KY
9/5/2006	Debit Card	Pizza Hut	\$16.00	Prestonsburg, KY
9/11/2006	Debit Card	Huddle House	\$17.56	Stanville, KY
9/12/2006	Debit Card	Golden Corral	\$15.27	Winchester, KY
9/15/2006	Debit Card	Shoney's	\$18.20	Paintsville, KY
9/25/2006	Debit Card	Billy Rays Restaurant	\$13.24	Prestonsburg, KY
10/2/2006	Debit Card	Shoney's	\$21.03	Paintsville, KY
10/2/2006	Debit Card	Huddle House	\$18.31	Stanville, KY
10/3/2006	Debit Card	Pizza Hut	\$13.08	Prestonsburg, KY
10/9/2006	Debit Card	McDonald's	\$9.81	Martin, KY
10/12/2006	Debit Card	Lee's Famous Recipe	\$14.08	Hazard, KY
10/16/2006	Debit Card	McDonald's	\$9.28	Martin, KY
10/23/2006	Debit Card	Lee's Famous Recipe	\$32.89	Hazard, KY
10/23/2006	Debit Card	El Azul Grande	\$18.69	Prestonsburg, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
10/23/2006	Debit Card	McDonald's	\$9.28	Martin, KY
10/24/2006	Debit Card	Pizza Hut	\$13.08	Prestonsburg, KY
10/26/2006	Debit Card	Billy Rays Restaurant	\$21.08	Prestonsburg, KY
11/1/2006	Debit Card	McDonald's	\$7.62	Martin, KY
11/7/2006	Debit Card	Huddle House	\$15.00	Stanville, KY
11/9/2006	Debit Card	Golden Corral	\$35.11	Ashland, KY
11/13/2006	Debit Card	Shoney's	\$15.00	Paintsville, KY
11/17/2006	Debit Card	Captain D's Seafood	\$20.64	Pikeville, KY
11/24/2006	Debit Card	Captain D's Seafood	\$13.11	Pikeville, KY
11/27/2006	Debit Card	Shoney's	\$22.59	Paintsville, KY
12/8/2006	Debit Card	Huddle House	\$16.00	Stanville, KY
12/14/2006	Debit Card	El Azul Grande	\$21.15	Prestonsburg, KY
12/14/2006	Debit Card	Huddle House	\$16.11	Stanville, KY
12/22/2006	Debit Card	El Azul Grande	\$21.95	Prestonsburg, KY
12/26/2006	Debit Card	Huddle House	\$15.31	Stanville, KY
1/8/2007	Debit Card	Huddle House	\$16.50	Stanville, KY
1/12/2007	Debit Card	El Azul Grande	\$35.81	Prestonsburg, KY
1/12/2007	Debit Card	McDonald's	\$2.92	Martin, KY
1/16/2007	Debit Card	Huddle House	\$18.20	Stanville, KY
1/17/2007	Debit Card	McDonald's	\$8.59	Martin, KY
1/19/2007	Debit Card	Bob Evans Restaurant	\$23.52	Pikeville, KY
1/22/2007	Debit Card	McDonald's	\$10.07	Martin, KY
1/24/2007	Debit Card	Texas Roadhouse	\$35.00	Ashland, KY
1/26/2007	Debit Card	Shoney's	\$16.31	Paintsville, KY
1/29/2007	Debit Card	Huddle House	\$15.00	Stanville, KY
1/29/2007	Debit Card	El Azul Grande	\$33.95	Prestonsburg, KY
2/1/2007	Debit Card	Shoney's	\$25.00	Paintsville, KY
2/1/2007	Debit Card	McDonald's	\$10.07	Martin, KY
2/5/2007	Debit Card	Captain D's Seafood	\$18.26	Pikeville, KY
2/8/2007	Debit Card	Huddle House	\$17.56	Stanville, KY
2/12/2007	Debit Card	Captain D's Seafood	\$15.40	Pikeville, KY
2/14/2007	Debit Card	Shoney's	\$16.31	Paintsville, KY
2/16/2007	Debit Card	Captain D's Seafood	\$14.74	Pikeville, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
2/21/2007	Debit Card	McDonald's	\$7.95	Martin, KY
2/23/2007	Debit Card	McDonald's	\$7.31	Martin, KY
2/23/2007	Debit Card	Huddle House	\$18.20	Stanville, KY
2/26/2007	Debit Card	McDonald's	\$10.32	Martin, KY
2/26/2007	Debit Card	Billy Rays Restaurant	\$34.12	Prestonsburg, KY
2/26/2007	Debit Card	Dairy Queen	\$10.96	Prestonsburg, KY
2/28/2007	Debit Card	Captain D's Seafood	\$17.12	Pikeville, KY
3/2/2007	Debit Card	McDonald's	\$7.90	Martin, KY
3/7/2007	Debit Card	Lee's Famous Recipe	\$15.35	Hazard, KY
3/8/2007	Debit Card	McDonald's	\$7.31	Martin, KY
3/12/2007	Debit Card	Huddle House	\$16.11	Stanville, KY
3/12/2007	Debit Card	McDonald's	\$7.63	Martin, KY
3/19/2007	Debit Card	Dairy Queen	\$8.53	Martin, KY
3/19/2007	Debit Card	Lillie Campbell & Son	\$34.70	Garrett, KY
3/23/2007	Debit Card	Dairy Queen	\$6.28	Martin, KY
3/26/2007	Debit Card	Huddle House	\$17.78	Stanville, KY
3/26/2007	Debit Card	Captain D's Seafood	\$14.74	Pikeville, KY
3/27/2007	Debit Card	McDonald's	\$8.43	Martin, KY
4/2/2007	Debit Card	Huddle House	\$15.00	Stanville, KY
4/5/2007	Debit Card	McDonald's	\$8.37	Goshen, IN
4/12/2007	Debit Card	Captain D's Seafood	\$17.12	Pikeville, KY
4/16/2007	Debit Card	Shoney's	\$15.72	Paintsville, KY
4/16/2007	Debit Card	Billy Rays Restaurant	\$26.80	Prestonsburg, KY
4/16/2007	Debit Card	Dairy Queen	\$18.04	Martin, KY
4/18/2007	Debit Card	McDonald's	\$9.05	Martin, KY
4/18/2007	Debit Card	Shoney's	\$18.97	Paintsville, KY
4/23/2007	Debit Card	McDonald's	\$9.58	Martin, KY
4/24/2007	Debit Card	McDonald's	\$9.00	Martin, KY
4/26/2007	Debit Card	Shoney's	\$14.81	Paintsville, KY
4/27/2007	Debit Card	McDonald's	\$9.58	Martin, KY
4/30/2007	Debit Card	Lee's Famous Recipe	\$15.35	Hazard, KY
5/3/2007	Debit Card	McDonald's	\$7.99	Martin, KY
5/4/2007	Debit Card	Dairy Queen	\$13.19	Hindman, KY



**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
5/7/2007	Debit Card	El Azul Grande	\$26.04	Prestonsburg, KY
5/7/2007	Debit Card	McDonald's	\$19.55	Martin, KY
5/10/2007	Debit Card	McDonald's	\$5.50	Martin, KY
5/11/2007	Debit Card	Huddle House	\$28.49	Stanville, KY
5/14/2007	Debit Card	Billy Rays Restaurant	\$29.78	Prestonsburg, KY
5/17/2007	Debit Card	McDonald's	\$10.11	Martin, KY
5/18/2007	Debit Card	Shoney's	\$17.81	Pikeville, KY
5/18/2007	Debit Card	Huddle House	\$15.25	Stanville, KY
5/21/2007	Debit Card	Captain D's Seafood	\$13.31	Pikeville, KY
5/23/2007	Debit Card	Shoney's	\$14.31	Paintsville, KY
5/25/2007	Debit Card	Billy Rays Restaurant	\$29.78	Prestonsburg, KY
5/31/2007	Debit Card	Shoney's	\$14.31	Paintsville, KY
6/5/2007	Debit Card	McDonald's	\$10.11	Martin, KY
6/7/2007	Debit Card	McDonald's	\$8.26	Martin, KY
6/8/2007	Debit Card	Ponderosa	\$26.63	Hazard, KY
6/11/2007	Debit Card	Dairy Queen	\$19.23	Hindman, KY
6/12/2007	Debit Card	McDonald's	\$12.03	Martin, KY
6/14/2007	Debit Card	Shoney's	\$14.72	Paintsville, KY
6/15/2007	Debit Card	McDonald's	\$6.77	Martin, KY
6/20/2007	Debit Card	Pizza Hut	\$11.77	Prestonsburg, KY
6/22/2007	Debit Card	McDonald's	\$9.00	Martin, KY
6/25/2007	Debit Card	McDonald's	\$9.32	Martin, KY
6/26/2007	Debit Card	McDonald's	\$7.63	Martin, KY
6/27/2007	Debit Card	Pizza Hut	\$15.26	Prestonsburg, KY
6/27/2007	Debit Card	McDonald's	\$4.29	Martin, KY
7/2/2007	Debit Card	Billy Rays Restaurant	\$27.47	Prestonsburg, KY
7/11/2007	Debit Card	McDonald's	\$8.47	Martin, KY
7/12/2007	Debit Card	McDonald's	\$11.01	Martin, KY
7/19/2007	Debit Card	Captain D's Seafood	\$23.57	Pikeville, KY
7/20/2007	Debit Card	Dairy Queen	\$13.10	Martin, KY
7/23/2007	Debit Card	Shoneys	\$18.97	Paintsville, KY
7/25/2007	Debit Card	Pizza Hut	\$20.26	Prestonsburg, KY
7/30/2007	Debit Card	El Azul Grande	\$23.74	Hazard, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
7/30/2007	Debit Card	Dairy Queen	\$18.47	Martin, KY
8/3/2007	Debit Card	Ponderosa Steakhouse	\$25.49	Hazard, KY
8/6/2007	Debit Card	Shoneys	\$18.97	Paintsville, KY
8/10/2007	Debit Card	McDonald's	\$11.38	Martin, KY
8/13/2007	Debit Card	Billy Rays Restaurant	\$15.43	Prestonsburg, KY
8/13/2007	Debit Card	Captain D's Seafood	\$23.48	Pikeville, KY
8/14/2007	Debit Card	McDonald's	\$8.80	Martin, KY
8/20/2007	Debit Card	El Azul Grande	\$29.00	Prestonsburg, KY
8/20/2007	Debit Card	Billy Rays Restaurant	\$29.31	Prestonsburg, KY
8/21/2007	Debit Card	McDonald's	\$8.59	Martin, KY
8/22/2007	Debit Card	McDonald's	\$6.77	Martin, KY
8/23/2007	Debit Card	Pizza Hut	\$19.62	Prestonsburg, KY
8/27/2007	Debit Card	Captain D's Seafood	\$16.25	Pikeville, KY
8/27/2007	Debit Card	McDonald's	\$8.59	Martin, KY
8/28/2007	Debit Card	McDonald's	\$6.77	Martin, KY
8/30/2007	Debit Card	Billy Rays Restaurant	\$18.54	Prestonsburg, KY
9/4/2007	Debit Card	Shoneys	\$16.31	Paintsville, KY
9/7/2007	Debit Card	McDonald's	\$10.27	Martin, KY
9/10/2007	Debit Card	McDonald's	\$12.92	Martin, KY
9/11/2007	Debit Card	McDonald's	\$7.74	Martin, KY
9/13/2007	Debit Card	McDonald's	\$7.74	Martin, KY
9/13/2007	Debit Card	Huddle House	\$14.07	Stanville, KY
9/17/2007	Debit Card	Captain D's Seafood	\$14.83	Pikeville, KY
9/17/2007	Debit Card	Huddle House	\$35.70	Stanville, KY
9/19/2007	Debit Card	McDonald's	\$9.11	Martin, KY
9/20/2007	Debit Card	Ponderosa Steakhouse	\$30.86	Paintsville, KY
9/24/2007	Debit Card	Billy Rays Restaurant	\$32.78	Prestonsburg, KY
9/24/2007	Debit Card	McDonald's	\$13.78	Martin, KY
9/24/2007	Debit Card	McDonald's	\$8.26	Martin, KY
9/26/2007	Debit Card	Captain D's Seafood	\$16.17	Pikeville, KY
9/27/2007	Debit Card	McDonald's	\$8.59	Martin, KY
10/3/2007	Debit Card	Huddle House	\$15.74	Stanville, KY
10/3/2007	Debit Card	McDonald's	\$7.52	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
10/8/2007	Debit Card	Captain D's Seafood	\$17.21	Pikeville, KY
10/8/2007	Debit Card	McDonald's	\$8.36	Martin, KY
10/9/2007	Debit Card	McDonald's	\$8.36	Martin, KY
10/12/2007	Debit Card	McDonald's	\$8.36	Martin, KY
10/12/2007	Debit Card	Captain D's Seafood	\$20.73	Pikeville, KY
10/16/2007	Debit Card	Huddle House	\$16.64	Stanville, KY
10/18/2007	Debit Card	McDonald's	\$9.12	Martin, KY
10/22/2007	Debit Card	McDonald's	\$7.53	Martin, KY
10/22/2007	Debit Card	Long John Silvers	\$32.26	Martin, KY
10/22/2007	Debit Card	Huddle House	\$16.06	Stanville, KY
10/23/2007	Debit Card	McDonald's	\$7.31	Martin, KY
10/24/2007	Debit Card	Dairy Queen	\$24.07	Martin, KY
10/26/2007	Debit Card	McDonald's	\$8.36	Martin, KY
10/29/2007	Debit Card	McDonald's	\$8.26	Martin, KY
11/7/2007	Withdrawal	Billy Rays	\$14.56	Unknown
11/7/2007	Debit Card	McDonald's	\$13.14	Martin, KY
11/7/2007	Debit Card	McDonald's	\$9.32	Martin, KY
11/12/2007	Debit Card	Huddle House	\$16.68	Stanville, KY
11/13/2007	Debit Card	McDonald's	\$7.63	Martin, KY
11/14/2007	Debit Card	Ponderosa Steakhouse	\$27.55	Hazard, KY
11/15/2007	Debit Card	McDonald's	\$11.43	Martin, KY
11/19/2007	Debit Card	Billy Rays Restaurant	\$12.83	Prestonsburg, KY
11/19/2007	Debit Card	Lillie Campbell & Son	\$11.07	Garrett, KY
11/20/2007	Debit Card	McDonald's	\$8.05	Martin, KY
11/28/2007	Debit Card	McDonald's	\$9.11	Martin, KY
11/30/2007	Debit Card	Bob Evans Restaurant	\$20.31	Pikeville, KY
11/30/2007	Debit Card	Lillie Campbell & Son	\$4.37	Garrett, KY
12/4/2007	Debit Card	McDonald's	\$10.36	Martin, KY
12/7/2007	Debit Card	McDonald's	\$9.32	Martin, KY
12/10/2007	Debit Card	McDonald's	\$7.63	Martin, KY
12/11/2007	Debit Card	McDonald's	\$9.11	Martin, KY
12/18/2007	Debit Card	McDonald's	\$7.63	Martin, KY
12/18/2007	Debit Card	Lillie Campbell & Son	\$15.00	Garrett, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
12/21/2007	Debit Card	McDonald's	\$13.25	Martin, KY
12/21/2007	Debit Card	Billy Rays Restaurant	\$22.18	Prestonsburg, KY
1/2/2008	Debit Card	McDonald's	\$8.48	Martin, KY
1/3/2008	Debit Card	Captain D's Seafood	\$24.07	Pikeville, KY
1/7/2008	Debit Card	Huddle House	\$19.30	Stanville, KY
1/8/2008	Debit Card	Lillie Campbell & Son	\$9.59	Garrett, KY
1/9/2008	Debit Card	McDonald's	\$9.95	Martin, KY
1/14/2008	Debit Card	McDonald's	\$7.10	Martin, KY
1/15/2008	Debit Card	McDonald's	\$7.52	Martin, KY
1/22/2008	Debit Card	McDonald's	\$7.10	Martin, KY
1/23/2008	Debit Card	McDonald's	\$7.52	Martin, KY
1/23/2008	Debit Card	McDonald's	\$9.12	Martin, KY
1/28/2008	Debit Card	McDonald's	\$8.58	Martin, KY
1/29/2008	Debit Card	McDonald's	\$7.10	Martin, KY
1/31/2008	Debit Card	McDonald's	\$7.10	Martin, KY
1/31/2008	Debit Card	McDonald's	\$8.10	Martin, KY
2/1/2008	Debit Card	McDonald's	\$6.68	Martin, KY
2/4/2008	Debit Card	Shoneys	\$14.34	Paintsville, KY
2/6/2008	Debit Card	McDonald's	\$17.70	Martin, KY
2/7/2008	Debit Card	Ponderosa Steakhouse	\$12.72	Hazard, KY
2/11/2008	Debit Card	McDonald's	\$9.20	Martin, KY
2/14/2008	Debit Card	Shoneys	\$14.52	Paintsville, KY
2/18/2008	Debit Card	Dairy Queen	\$11.20	Martin, KY
2/18/2008	Debit Card	McDonald's	\$11.66	Martin, KY
2/20/2008	Debit Card	Huddle House	\$17.73	Stanville, KY
2/22/2008	Debit Card	McDonald's	\$7.69	Martin, KY
2/28/2008	Debit Card	McDonald's	\$7.10	Martin, KY
3/4/2008	Debit Card	Lillie Campbell & Son	\$15.72	Garrett, KY
3/7/2008	Debit Card	Huddle House	\$13.11	Stanville, KY
3/10/2008	Debit Card	Holly Hills Mall	\$16.21	Hindman, KY
3/10/2008	Debit Card	McDonald's	\$7.10	Martin, KY
3/11/2008	Debit Card	McDonald's	\$7.52	Martin, KY
3/13/2008	Debit Card	Huddle House	\$19.22	Stanville, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
3/14/2008	Debit Card	McDonald's	\$13.13	Martin, KY
3/18/2008	Debit Card	McDonald's	\$7.52	Martin, KY
3/25/2008	Debit Card	McDonald's	\$7.52	Martin, KY
3/31/2008	Debit Card	Huddle House	\$18.96	Stanville, KY
3/31/2008	Debit Card	McDonald's	\$8.58	Martin, KY
3/31/2008	Debit Card	McDonald's	\$3.29	Martin, KY
4/1/2008	Debit Card	McDonald's	\$7.52	Martin, KY
4/3/2008	Debit Card	Pizza Hut	\$26.68	Prestonsburg, KY
4/14/2008	Debit Card	Lillie Campbell & Son	\$23.15	Garrett, KY
4/15/2008	Debit Card	McDonald's	\$7.52	Martin, KY
4/17/2008	Debit Card	McDonald's	\$7.69	Martin, KY
4/17/2008	Debit Card	McDonald's	\$7.10	Martin, KY
4/21/2008	Debit Card	El Azul Grande	\$19.62	Prestonsburg, KY
5/1/2008	Debit Card	McDonald's	\$8.06	Martin, KY
5/1/2008	Debit Card	Billy Rays Restaurant	\$33.26	Prestonsburg, KY
5/2/2008	Debit Card	Dairy Queen	\$5.70	Hindman, KY
5/5/2008	Debit Card	McDonald's	\$7.10	Martin, KY
5/5/2008	Debit Card	McDonald's	\$8.10	Martin, KY
5/6/2008	Debit Card	McDonald's	\$7.52	Martin, KY
5/8/2008	Debit Card	McDonald's	\$7.10	Martin, KY
5/8/2008	Debit Card	Lillie Campbell & Son	\$19.21	Garrett, KY
5/12/2008	Debit Card	McDonald's	\$7.00	Martin, KY
5/13/2008	Debit Card	McDonald's	\$7.52	Martin, KY
5/14/2008	Debit Card	Lillie Campbell & Son	\$13.61	Garrett, KY
5/15/2008	Debit Card	McDonald's	\$10.76	Martin, KY
5/19/2008	Debit Card	McDonald's	\$7.26	Martin, KY
5/19/2008	Debit Card	El Azul Grande	\$21.81	Prestonsburg, KY
5/19/2008	Debit Card	El Azul Grande	\$8.00	Prestonsburg, KY
5/20/2008	Debit Card	Huddle House	\$24.62	Stanville, KY
5/21/2008	Debit Card	McDonald's	\$13.09	Martin, KY
5/27/2008	Debit Card	Dairy Queen	\$12.36	Martin, KY
5/27/2008	Debit Card	McDonald's	\$7.26	Martin, KY
6/2/2008	Debit Card	McDonald's	\$7.26	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
6/2/2008	Debit Card	Lillie Campbell & Son	\$9.46	Garrett, KY
6/4/2008	Debit Card	McDonald's	\$7.52	Martin, KY
6/5/2008	Debit Card	Captain D's Seafood	\$18.65	Pikeville, KY
6/6/2008	Debit Card	Dairy Queen	\$10.66	Hindman, KY
6/9/2008	Debit Card	Huddle House	\$17.97	Stanville, KY
6/9/2008	Debit Card	McDonald's	\$7.26	Martin, KY
6/10/2008	Debit Card	McDonald's	\$7.26	Martin, KY
6/11/2008	Debit Card	Pizza Hut	\$25.83	Prestonsburg, KY
6/16/2008	Debit Card	Ponderosa	\$29.66	South Point, OH
6/17/2008	Debit Card	McDonald's	\$12.19	Martin, KY
6/18/2008	Debit Card	McDonald's	\$9.86	Martin, KY
6/20/2008	Debit Card	McDonald's	\$12.19	Martin, KY
6/23/2008	Debit Card	McDonald's	\$7.26	Martin, KY
6/23/2008	Debit Card	McDonald's	\$20.25	Martin, KY
6/24/2008	Debit Card	McDonald's	\$7.26	Martin, KY
6/25/2008	Debit Card	McDonald's	\$12.08	Martin, KY
6/26/2008	Debit Card	McDonald's	\$7.52	Martin, KY
7/10/2008	Debit Card	McDonald's	\$12.19	Martin, KY
7/11/2008	Debit Card	McDonald's	\$11.66	Martin, KY
7/15/2008	Debit Card	McDonald's	\$7.26	Martin, KY
7/16/2008	Debit Card	McDonald's	\$7.26	Martin, KY
7/17/2008	Debit Card	McDonald's	\$9.81	Martin, KY
7/21/2008	Debit Card	Huddle House	\$22.21	Martin, KY
7/21/2008	Debit Card	McDonald's	\$11.34	Martin, KY
7/23/2008	Debit Card	McDonald's	\$12.67	Martin, KY
7/28/2008	Debit Card	McDonald's	\$9.06	Martin, KY
7/28/2008	Debit Card	McDonald's	\$12.40	Martin, KY
7/29/2008	Debit Card	McDonald's	\$12.83	Martin, KY
7/31/2008	Debit Card	McDonald's	\$9.21	Martin, KY
8/1/2008	Debit Card	Dairy Queen	\$20.08	Martin, KY
8/4/2008	Debit Card	McDonald's	\$9.06	Martin, KY
8/4/2008	Debit Card	McDonald's	\$12.40	Martin, KY
8/4/2008	Debit Card	McDonald's	\$12.40	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
8/6/2008	Debit Card	McDonald's	\$12.40	Martin, KY
8/8/2008	Debit Card	McDonald's	\$12.40	Martin, KY
8/11/2008	Debit Card	Pizza Hut	\$33.82	Prestonsburg, KY
8/11/2008	Debit Card	Holly Hills Mall Restaurant	\$18.44	Hindman, KY
8/12/2008	Debit Card	McDonald's	\$12.40	Martin, KY
8/13/2008	Debit Card	McDonald's	\$11.93	Martin, KY
8/15/2008	Debit Card	McDonald's	\$9.06	Martin, KY
8/18/2008	Debit Card	McDonald's	\$12.40	Martin, KY
8/19/2008	Debit Card	Huddle House	\$17.54	Stanville, KY
8/19/2008	Debit Card	McDonald's	\$7.52	Martin, KY
8/20/2008	Debit Card	Ponderosa	\$22.43	South Point, OH
8/20/2008	Debit Card	McDonald's	\$7.37	Martin, KY
8/21/2008	Debit Card	McDonald's	\$9.06	Martin, KY
8/25/2008	Debit Card	McDonald's	\$7.52	Martin, KY
8/27/2008	Debit Card	McDonald's	\$7.37	Martin, KY
8/27/2008	Debit Card	Pizza Hut	\$19.06	Prestonsburg, KY
8/27/2008	Debit Card	Huddle House	\$15.78	Stanville, KY
9/2/2008	Debit Card	McDonald's	\$7.52	Martin, KY
9/4/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/5/2008	Debit Card	McDonald's	\$8.53	Martin, KY
9/5/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/8/2008	Debit Card	McDonald's	\$7.52	Martin, KY
9/9/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/10/2008	Debit Card	McDonald's	\$5.88	Martin, KY
9/11/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/15/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/16/2008	Debit Card	McDonald's	\$7.42	Martin, KY
9/19/2008	Debit Card	Lillie Campbell & Son	\$14.43	Garrett, KY
9/22/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/22/2008	Debit Card	McDonald's	\$8.59	Martin, KY
9/22/2008	Debit Card	McDonald's	\$7.52	Martin, KY
9/23/2008	Debit Card	Pizza Hut	\$15.26	Prestonsburg, KY
9/26/2008	Debit Card	McDonald's	\$7.37	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
9/26/2008	Debit Card	Captain D's Seafood	\$16.18	Pikeville, KY
9/29/2008	Debit Card	McDonald's	\$3.92	Martin, KY
9/29/2008	Debit Card	McDonald's	\$9.06	Martin, KY
9/29/2008	Debit Card	McDonald's	\$7.37	Martin, KY
9/30/2008	Debit Card	McDonald's	\$5.72	Martin, KY
10/1/2008	Debit Card	Tlaquepaque Mexican Restaurant	\$21.58	Prestonsburg, KY
10/6/2008	Debit Card	McDonald's	\$7.52	Martin, KY
10/6/2008	Debit Card	McDonald's	\$11.45	Martin, KY
10/7/2008	Debit Card	McDonald's	\$7.37	Martin, KY
10/8/2008	Debit Card	Captain D's Seafood	\$16.18	Pikeville, KY
10/9/2008	Debit Card	Pizza Hut	\$15.26	Prestonsburg, KY
10/9/2008	Debit Card	McDonald's	\$7.52	Martin, KY
10/10/2008	Debit Card	McDonald's	\$7.52	Martin, KY
10/13/2008	Debit Card	McDonald's	\$14.09	Martin, KY
10/15/2008	Debit Card	Captain D's Seafood	\$17.02	Pikeville, KY
10/23/2008	Debit Card	Captain D's Seafood	\$18.86	Pikeville, KY
10/27/2008	Debit Card	Lillie Campbell & Son	\$2.49	Garrett, KY
10/28/2008	Debit Card	McDonald's	\$12.51	Martin, KY
10/30/2008	Debit Card	McDonald's	\$7.37	Martin, KY
10/30/2008	Debit Card	Captain D's Seafood	\$19.12	Pikeville, KY
10/31/2008	Debit Card	McDonald's	\$9.74	Martin, KY
11/4/2008	Debit Card	McDonald's	\$7.52	Martin, KY
11/5/2008	Debit Card	McDonald's	\$18.12	Martin, KY
11/5/2008	Debit Card	Lillie Campbell & Son	\$9.36	Garrett, KY
11/6/2008	Debit Card	Pizza Hut	\$15.26	Prestonsburg, KY
11/6/2008	Debit Card	McDonald's	\$7.53	Martin, KY
11/7/2008	Debit Card	Dairy Queen	\$12.18	Hindman, KY
11/10/2008	Debit Card	McDonald's	\$7.37	Martin, KY
11/10/2008	Debit Card	McDonald's	\$7.37	Martin, KY
11/12/2008	Debit Card	El Azul Grande	\$20.66	Prestonsburg, KY
11/12/2008	Debit Card	McDonald's	\$7.52	Martin, KY
11/13/2008	Debit Card	McDonald's	\$7.37	Martin, KY



**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
11/14/2008	Debit Card	Dairy Queen	\$10.66	Martin, KY
11/17/2008	Debit Card	McDonald's	\$12.40	Martin, KY
11/18/2008	Debit Card	Shoneys	\$19.52	Paintsville, KY
11/20/2008	Debit Card	McDonald's	\$7.37	Martin, KY
11/24/2008	Debit Card	McDonald's	\$7.37	Martin, KY
11/24/2008	Debit Card	McDonald's	\$7.52	Martin, KY
11/24/2008	Debit Card	McDonald's	\$21.89	Martin, KY
11/25/2008	Debit Card	McDonald's	\$12.40	Martin, KY
11/26/2008	Debit Card	McDonald's	\$7.37	Martin, KY
11/28/2008	Debit Card	McDonald's	\$12.40	Martin, KY
12/1/2008	Debit Card	McDonald's	\$19.98	Martin, KY
12/1/2008	Debit Card	Dairy Queen	\$19.94	Martin, KY
12/2/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/4/2008	Debit Card	Dairy Queen	\$31.79	Martin, KY
12/5/2008	Debit Card	McDonald's	\$7.58	Martin, KY
12/8/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/8/2008	Debit Card	Pizza Hut	\$21.83	Prestonsburg, KY
12/9/2008	Debit Card	McDonald's	\$8.68	Martin, KY
12/10/2008	Debit Card	McDonald's	\$12.24	Martin, KY
12/10/2008	Debit Card	KFC	\$14.82	Pikeville, KY
12/11/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/12/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/15/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/16/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/17/2008	Debit Card	Captain D's Seafood	\$15.71	Pikeville, KY
12/18/2008	Debit Card	Huddle House	\$18.80	Stanville, KY
12/19/2008	Debit Card	Pizza Hut	\$39.83	Prestonsburg, KY
12/22/2008	Debit Card	McDonald's	\$7.37	Martin, KY
12/22/2008	Debit Card	McDonald's	\$8.96	Martin, KY
12/26/2008	Debit Card	El Azul Grande	\$20.38	Prestonsburg, KY
1/5/2009	Debit Card	McDonald's	\$13.30	Martin, KY
1/5/2009	Debit Card	McDonald's	\$7.42	Martin, KY
1/6/2009	Debit Card	McDonald's	\$8.89	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
1/12/2009	Debit Card	McDonald's	\$6.10	Martin, KY
1/16/2009	Debit Card	McDonald's	\$13.62	Martin, KY
1/20/2009	Debit Card	Pizza Hut	\$65.37	Prestonsburg, KY
1/20/2009	Debit Card	Taco Bell	\$15.65	Pikeville, KY
1/20/2009	Debit Card	Taco Bell	\$4.22	Pikeville, KY
1/20/2009	Debit Card	McDonald's	\$9.79	Martin, KY
1/21/2009	Debit Card	McDonald's	\$7.42	Martin, KY
1/22/2009	Debit Card	McDonald's	\$7.42	Martin, KY
1/26/2009	Debit Card	McDonald's	\$9.65	Martin, KY
1/27/2009	Debit Card	McDonald's	\$14.68	Martin, KY
1/29/2009	Debit Card	McDonald's	\$11.87	Martin, KY
2/2/2009	Debit Card	Little Caesars	\$31.58	Prestonsburg, KY
2/2/2009	Debit Card	Captain D's Seafood	\$27.40	Pikeville, KY
2/3/2009	Debit Card	McDonald's	\$13.62	Martin, KY
2/4/2009	Debit Card	Long John Silvers	\$11.61	Martin, KY
2/10/2009	Debit Card	Pizza Hut	\$21.40	Prestonsburg, KY
2/13/2009	Debit Card	Lillie Campbell & Son	\$13.32	Garrett, KY
2/16/2009	Debit Card	Dairy Queen	\$7.98	Martin, KY
2/16/2009	Debit Card	Mandarin House	\$25.50	Paintsville, KY
2/16/2009	Debit Card	Little Caesars	\$37.04	Prestonsburg, KY
2/17/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$18.58	Prestonsburg, KY
2/19/2009	Debit Card	Captain D's Seafood	\$19.89	Pikeville, KY
2/20/2009	Debit Card	Dairy Queen	\$9.31	Martin, KY
2/23/2009	Debit Card	Dairy Queen	\$6.95	Martin, KY
2/23/2009	Debit Card	Dairy Queen	\$14.16	Martin, KY
2/23/2009	Debit Card	McDonald's	\$9.65	Martin, KY
2/23/2009	Debit Card	Dairy Queen	\$5.70	Martin, KY
2/24/2009	Debit Card	McDonald's	\$9.65	Martin, KY
2/25/2009	Debit Card	Holly Hills Mall Restaurant	\$18.34	Hindman, KY
2/27/2009	Debit Card	McDonald's	\$11.71	Martin, KY
3/2/2009	Debit Card	McDonald's	\$8.32	Martin, KY
3/3/2009	Debit Card	McDonald's	\$18.50	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
3/4/2009	Debit Card	McDonald's	\$7.42	Martin, KY
3/4/2009	Debit Card	Lillie Campbell & Son	\$19.01	Garrett, KY
3/5/2009	Debit Card	McDonald's	\$7.42	Martin, KY
3/9/2009	Debit Card	McDonald's	\$9.65	Martin, KY
3/10/2009	Debit Card	Captain D's Seafood	\$14.76	Pikeville, KY
3/12/2009	Debit Card	McDonald's	\$9.65	Martin, KY
3/16/2009	Debit Card	McDonald's	\$15.74	Martin, KY
3/17/2009	Debit Card	Dairy Queen	\$10.35	Martin, KY
3/23/2009	Debit Card	Dairy Queen	\$8.66	Martin, KY
3/23/2009	Debit Card	McDonald's	\$9.65	Martin, KY
3/24/2009	Debit Card	McDonald's	\$9.12	Martin, KY
3/26/2009	Debit Card	McDonald's	\$7.42	Martin, KY
3/30/2009	Debit Card	Dairy Queen	\$13.03	Martin, KY
4/6/2009	Debit Card	McDonald's	\$9.65	Martin, KY
4/10/2009	Debit Card	McDonald's	\$7.42	Martin, KY
4/10/2009	Debit Card	Lillie Campbell & Son	\$35.14	Garrett, KY
4/13/2009	Debit Card	McDonald's	\$9.65	Martin, KY
4/13/2009	Debit Card	Lillie Campbell & Son	\$22.89	Garrett, KY
4/13/2009	Debit Card	Lillie Campbell & Son	\$4.46	Garrett, KY
4/14/2009	Debit Card	McDonald's	\$7.53	Martin, KY
4/17/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$27.20	Prestonsburg, KY
4/17/2009	Debit Card	McDonald's	\$9.43	Martin, KY
4/20/2009	Debit Card	McDonald's	\$2.49	Pikeville, KY
4/20/2009	Debit Card	Dairy Queen	\$7.70	Martin, KY
4/20/2009	Debit Card	McDonald's	\$9.38	Martin, KY
4/21/2009	Debit Card	McDonald's	\$7.57	Martin, KY
4/22/2009	Debit Card	Shoneys	\$17.52	Paintsville, KY
4/22/2009	Debit Card	Dairy Queen	\$12.78	Martin, KY
4/23/2009	Debit Card	McDonald's	\$8.96	Martin, KY
4/24/2009	Debit Card	Dairy Queen	\$5.42	Martin, KY
4/28/2009	Debit Card	McDonald's	\$7.42	Martin, KY
5/6/2009	Debit Card	Dairy Queen	\$3.14	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
5/26/2009	Debit Card	Dairy Queen	\$7.24	Martin, KY
5/28/2009	Debit Card	McDonald's	\$11.60	Martin, KY
6/1/2009	Debit Card	Los Tequilas Mexican Cuisine	\$91.81	Columbia City, IN
6/2/2009	Debit Card	McDonald's	\$7.70	Warren, IN
6/3/2009	Debit Card	Billy Rays Restaurant	\$18.48	Prestonsburg, KY
6/5/2009	Debit Card	McDonald's	\$8.73	Martin, KY
6/5/2009	Debit Card	Captain D's Seafood	\$15.14	Pikeville, KY
6/8/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$21.86	Prestonsburg, KY
6/8/2009	Debit Card	Pizza Hut	\$28.00	Prestonsburg, KY
6/8/2009	Debit Card	Ponderosa Steakhouse	\$22.91	Hazard, KY
6/9/2009	Debit Card	McDonald's	\$9.65	Martin, KY
6/9/2009	Debit Card	Lillie Campbell & Son	\$22.46	Garrett, KY
6/11/2009	Debit Card	McDonald's	\$7.57	Martin, KY
6/12/2009	Debit Card	Captain D's Seafood	\$16.08	Pikeville, KY
6/12/2009	Debit Card	Lillie Campbell & Son	\$19.11	Garrett, KY
6/15/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$20.22	Prestonsburg, KY
6/15/2009	Debit Card	McDonald's	\$14.68	Martin, KY
6/16/2009	Debit Card	McDonald's	\$7.42	Martin, KY
6/18/2009	Debit Card	Giovanni's	\$16.18	Martin, KY
6/19/2009	Debit Card	Ponderosa Steakhouse	\$12.72	Hazard, KY
6/22/2009	Debit Card	McDonald's	\$12.40	Martin, KY
6/22/2009	Debit Card	Pizza Hut	\$27.25	Prestonsburg, KY
6/22/2009	Debit Card	Billy Rays Restaurant	\$19.57	Prestonsburg, KY
6/22/2009	Debit Card	McDonald's	\$7.42	Martin, KY
6/22/2009	Debit Card	Dairy Queen	\$16.48	Martin, KY
6/26/2009	Debit Card	Jerrys Restaurant	\$16.85	Prestonsburg, KY
6/29/2009	Debit Card	Dairy Queen	\$16.02	Martin, KY
6/29/2009	Debit Card	Mandarin House	\$38.20	Paintsville, KY
6/29/2009	Debit Card	Giovanni's	\$17.45	Martin, KY
6/30/2009	Debit Card	Huddle House	\$13.41	Stanville, KY
6/30/2009	Debit Card	McDonald's	\$7.42	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
7/2/2009	Debit Card	McDonald's	\$12.46	Martin, KY
7/16/2009	Debit Card	Huddle House	\$14.90	Stanville, KY
7/17/2009	Debit Card	McDonald's	\$7.42	Martin, KY
7/20/2009	Debit Card	Pizza Hut	\$16.38	Prestonsburg, KY
7/20/2009	Debit Card	Mandarin House	\$28.50	Paintsville, KY
7/21/2009	Debit Card	McDonald's	\$16.01	Martin, KY
7/21/2009	Debit Card	Captain D's Seafood	\$15.21	Pikeville, KY
7/23/2009	Debit Card	McDonald's	\$7.42	Martin, KY
7/24/2009	Debit Card	McDonald's	\$7.42	Martin, KY
7/27/2009	Debit Card	McDonald's	\$9.79	Martin, KY
7/29/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$15.00	Prestonsburg, KY
8/3/2009	Debit Card	Little Caesars	\$49.05	Prestonsburg, KY
8/3/2009	Debit Card	Huddle House	\$17.53	Hazard, KY
8/3/2009	Debit Card	McDonald's	\$8.59	Martin, KY
8/4/2009	Debit Card	Maddys Pizza Palace	\$22.40	Hueysville, KY
8/4/2009	Debit Card	McDonald's	\$12.46	Martin, KY
8/10/2009	Debit Card	Captain D's Seafood	\$19.49	Pikeville, KY
8/11/2009	Debit Card	Captain D's Seafood	\$16.06	Pikeville, KY
8/12/2009	Debit Card	McDonald's	\$7.57	Martin, KY
8/13/2009	Debit Card	McDonald's	\$7.42	Martin, KY
8/14/2009	Debit Card	McDonald's	\$9.79	Martin, KY
8/14/2009	Debit Card	Lillie Campbell & Son	\$5.05	Garrett, KY
8/17/2009	Debit Card	Little Caesars	\$54.45	Prestonsburg, KY
8/17/2009	Debit Card	McDonald's	\$7.42	Martin, KY
8/18/2009	Debit Card	McDonald's	\$11.33	Martin, KY
8/19/2009	Debit Card	McDonald's	\$7.42	Martin, KY
8/21/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$21.58	Prestonsburg, KY
8/25/2009	Debit Card	Golden Corral	\$22.28	London, KY
8/25/2009	Debit Card	Captain D's Seafood	\$13.90	Pikeville, KY
8/25/2009	Debit Card	Huddle House	\$18.78	Stanville, KY
8/26/2009	Debit Card	Golden Corral	\$22.28	London, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
8/28/2009	Debit Card	Pizza Hut	\$25.94	London, KY
8/31/2009	Debit Card	Hardee's	\$25.79	Hazard, KY
8/31/2009	Debit Card	Hardee's	\$22.21	Hazard, KY
8/31/2009	Debit Card	Ponderosa	\$17.08	South Point, OH
8/31/2009	Debit Card	Huddle House	\$14.64	London, KY
8/31/2009	Debit Card	Hardee's	\$43.20	Hazard, KY
9/1/2009	Debit Card	La Pena Mexican Restaurant	\$64.02	Hazard, KY
9/1/2009	Debit Card	Ponderosa Steakhouse	\$26.00	Hazard, KY
9/8/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$18.58	Prestonsburg, KY
9/10/2009	Debit Card	Captain D's Seafood	\$13.97	Pikeville, KY
9/11/2009	Debit Card	McDonald's	\$4.88	Martin, KY
9/14/2009	Debit Card	Giovanni's	\$21.78	Martin, KY
9/14/2009	Debit Card	McDonald's	\$7.42	Martin, KY
9/15/2009	Debit Card	Captain D's Seafood	\$14.26	Pikeville, KY
9/17/2009	Debit Card	Huddle House	\$16.41	Stanville, KY
9/17/2009	Debit Card	McDonald's	\$7.58	Martin, KY
9/18/2009	Debit Card	McDonald's	\$18.75	Martin, KY
9/21/2009	Debit Card	Captain D's Seafood	\$21.48	Pikeville, KY
9/21/2009	Debit Card	McDonald's	\$10.28	Martin, KY
9/21/2009	Debit Card	Hardee's	\$28.25	Prestonsburg, KY
9/21/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$13.41	Prestonsburg, KY
9/21/2009	Debit Card	McDonald's	\$9.37	Martin, KY
9/22/2009	Debit Card	McDonald's	\$9.65	Martin, KY
9/22/2009	Debit Card	Reno's Roadhouse	\$76.31	Prestonsburg, KY
9/25/2009	Debit Card	McDonald's	\$10.01	Martin, KY
9/28/2009	Debit Card	Mandarin House	\$63.70	Paintsville, KY
9/29/2009	Debit Card	McDonald's	\$7.42	Martin, KY
9/30/2009	Debit Card	McDonald's	\$7.57	Martin, KY
10/2/2009	Debit Card	Huddle House	\$14.64	Stanville, KY
10/5/2009	Debit Card	Captain D's Seafood	\$18.33	Pikeville, KY
10/5/2009	Debit Card	Little Caesars	\$43.56	Prestonsburg, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
10/6/2009	Debit Card	McDonald's	\$8.32	Martin, KY
10/6/2009	Debit Card	Pizza Hut	\$15.10	Prestonsburg, KY
10/7/2009	Debit Card	Lillie Campbell & Son	\$19.11	Garrett, KY
10/8/2009	Debit Card	McDonald's	\$9.86	Martin, KY
10/9/2009	Debit Card	McDonald's	\$16.59	Martin, KY
10/12/2009	Debit Card	McDonald's	\$7.16	Martin, KY
10/12/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/13/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/14/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/16/2009	Debit Card	McDonald's	\$11.45	Martin, KY
10/19/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/19/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/22/2009	Debit Card	Captain D's Seafood	\$15.06	Pikeville, KY
10/23/2009	Debit Card	McDonald's	\$13.62	Martin, KY
10/26/2009	Debit Card	McDonald's	\$17.97	Martin, KY
10/27/2009	Debit Card	McDonald's	\$9.65	Martin, KY
10/30/2009	Debit Card	McDonald's	\$9.12	Martin, KY
11/2/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$18.58	Prestonsburg, KY
11/3/2009	Debit Card	McDonald's	\$7.58	Martin, KY
11/4/2009	Debit Card	Little Caesars	\$47.36	Prestonsburg, KY
11/10/2009	Debit Card	McDonald's	\$9.65	Martin, KY
11/12/2009	Debit Card	McDonald's	\$8.16	Martin, KY
11/12/2009	Debit Card	McDonald's	\$9.79	Martin, KY
11/17/2009	Debit Card	McDonald's	\$11.45	Martin, KY
11/18/2009	Debit Card	McDonald's	\$7.42	Martin, KY
11/19/2009	Debit Card	McDonald's	\$7.42	Martin, KY
11/23/2009	Debit Card	Captain D's Seafood	\$15.40	Pikeville, KY
11/23/2009	Debit Card	McDonald's	\$9.65	Martin, KY
12/2/2009	Debit Card	McDonald's	\$9.65	Martin, KY
12/4/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$21.80	Prestonsburg, KY
12/7/2009	Debit Card	McDonald's	\$9.65	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
12/7/2009	Debit Card	Reno's Roadhouse	\$137.49	Prestonsburg, KY
12/8/2009	Debit Card	Burger King	\$10.95	Pikeville, KY
12/11/2009	Debit Card	McDonald's	\$9.65	Martin, KY
12/14/2009	Debit Card	McDonald's	\$9.65	Martin, KY
12/15/2009	Debit Card	McDonald's	\$9.65	Martin, KY
12/16/2009	Debit Card	McDonald's	\$7.42	Martin, KY
12/17/2009	Debit Card	McDonald's	\$7.42	Martin, KY
12/21/2009	Debit Card	Tlaquepaque Mexican Restaurant	\$22.33	Prestonsburg, KY
12/21/2009	Debit Card	McDonald's	\$8.59	Martin, KY
12/21/2009	Debit Card	Captain D's Seafood	\$13.43	Pikeville, KY
12/22/2009	Debit Card	McDonald's	\$16.01	Martin, KY
12/30/2009	Debit Card	Ruby Tuesday	\$79.86	Warsaw, IN
1/4/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$19.02	Prestonsburg, KY
1/7/2010	Debit Card	McDonald's	\$5.25	Martin, KY
1/8/2010	Debit Card	Lillie Campbell & Son	\$35.47	Garrett, KY
1/11/2010	Debit Card	Lillie Campbell & Son	\$2.96	Garrett, KY
1/12/2010	Debit Card	McDonald's	\$9.22	Martin, KY
1/12/2010	Debit Card	Little Caesars	\$27.76	Prestonsburg, KY
1/13/2010	Debit Card	McDonald's	\$12.67	Martin, KY
1/19/2010	Debit Card	McDonald's	\$11.02	Martin, KY
1/21/2010	Debit Card	Captain D's Seafood	\$27.77	Pikeville, KY
1/25/2010	Debit Card	Giovanni's	\$15.86	Martin, KY
1/25/2010	Debit Card	Dairy Queen	\$46.40	Martin, KY
1/29/2010	Debit Card	McDonald's	\$9.22	Martin, KY
2/1/2010	Debit Card	Pizza Hut	\$32.70	Prestonsburg, KY
2/8/2010	Debit Card	Dairy Queen	\$4.84	Martin, KY
2/8/2010	Debit Card	McDonald's	\$9.22	Martin, KY
2/8/2010	Debit Card	Holly Hills Mall Restaurant	\$17.91	Unknown
2/8/2010	Debit Card	Billy Rays Restaurant	\$80.56	Prestonsburg, KY
2/8/2010	Debit Card	Papa Johns	\$65.40	Prestonsburg, KY
2/10/2010	Debit Card	Taco Bell	\$10.60	Pikeville, KY



**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
2/15/2010	Debit Card	Captain D's Seafood	\$16.36	Pikeville, KY
2/18/2010	Debit Card	Pizza Hut	\$32.70	Prestonsburg, KY
2/19/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$11.45	Prestonsburg, KY
2/22/2010	Debit Card	McDonald's	\$9.22	Martin, KY
2/22/2010	Debit Card	McDonald's	\$10.39	Martin, KY
2/24/2010	Debit Card	McDonald's	\$9.22	Martin, KY
2/26/2010	Debit Card	McDonald's	\$9.22	Martin, KY
3/1/2010	Debit Card	Captain D's Seafood	\$20.94	Pikeville, KY
3/1/2010	Debit Card	McDonald's	\$8.96	Martin, KY
3/2/2010	Debit Card	McDonald's	\$9.22	Martin, KY
3/4/2010	Debit Card	McDonald's	\$9.22	Martin, KY
3/8/2010	Debit Card	Ponderosa	\$34.28	South Point, OH
3/8/2010	Debit Card	Holly Hills Mall Restaurant	\$20.81	606-7850699, KY
3/15/2010	Debit Card	Lillie Campbell & Son	\$18.74	Garrett, KY
3/16/2010	Debit Card	Huddle House	\$21.97	Stanville, KY
3/17/2010	Debit Card	Arby's	\$13.92	Prestonsburg, KY
3/22/2010	Debit Card	McDonald's	\$11.34	Martin, KY
3/22/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$16.61	Prestonsburg, KY
3/22/2010	Debit Card	Little Caesars	\$31.58	Prestonsburg, KY
3/23/2010	Debit Card	Giovanni's	\$15.86	Martin, KY
3/24/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$23.14	Prestonsburg, KY
3/26/2010	Debit Card	McDonald's	\$9.22	Martin, KY
3/29/2010	Debit Card	Little Caesars	\$50.08	Prestonsburg, KY
3/29/2010	Debit Card	Taco Bell	\$15.98	Paintsville, KY
3/29/2010	Debit Card	Captain D's Seafood	\$13.55	Pikeville, KY
3/29/2010	Debit Card	Burger King	\$15.57	Paintsville, KY
3/30/2010	Debit Card	McDonald's	\$9.22	Martin, KY
3/31/2010	Debit Card	Shoneys	\$14.52	Paintsville, KY
4/1/2010	Debit Card	McDonald's	\$9.22	Martin, KY
4/2/2010	Debit Card	Dairy Queen	\$17.53	Hindman, KY
4/2/2010	Debit Card	McDonald's	\$10.55	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
4/6/2010	Debit Card	McDonald's	\$9.22	Martin, KY
4/9/2010	Debit Card	Little Caesars	\$19.06	Prestonsburg, KY
4/9/2010	Debit Card	McDonald's	\$13.83	Martin, KY
4/12/2010	Debit Card	Lillie Campbell & Son	\$19.88	Garrett, KY
4/14/2010	Debit Card	McDonald's	\$9.22	Martin, KY
4/16/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$15.25	Prestonsburg, KY
4/19/2010	Debit Card	Mandarin House	\$52.85	Paintsville, KY
4/26/2010	Debit Card	Reno's Roadhouse	\$30.70	Pikeville, KY
4/27/2010	Debit Card	McDonald's	\$9.22	Martin, KY
4/28/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$23.14	Prestonsburg, KY
4/28/2010	Debit Card	Lillie Campbell & Son	\$2.67	Garrett, KY
5/3/2010	Debit Card	McDonald's	\$7.00	Martin, KY
5/3/2010	Debit Card	Lillie Campbell & Son	\$12.58	Garrett, KY
5/4/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/5/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/7/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$23.14	Prestonsburg, KY
5/7/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/10/2010	Debit Card	Giovanni's	\$15.86	Martin, KY
5/11/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/12/2010	Debit Card	McDonald's	\$7.00	Martin, KY
5/13/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/14/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/17/2010	Debit Card	McDonald's	\$9.22	Martin, KY
5/17/2010	Debit Card	Holly Hills Mall Restaurant	\$17.81	Unknown
5/24/2010	Debit Card	Dairy Queen	\$33.57	Martin, KY
5/26/2010	Debit Card	Captain D's Seafood	\$15.40	Pikeville, KY
5/26/2010	Debit Card	McDonald's	\$7.52	Martin, KY
5/28/2010	Debit Card	Billy Rays Restaurant	\$19.57	Prestonsburg, KY
6/1/2010	Debit Card	Little Caesars	\$37.57	Prestonsburg, KY
6/2/2010	Debit Card	Huddle House	\$17.64	Stanville, KY
6/7/2010	Debit Card	Shoneys	\$18.40	Pikeville, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
6/7/2010	Debit Card	Holly Hills Mall Restaurant	\$21.18	Unknown
6/14/2010	Debit Card	Captain D's Seafood	\$23.98	Pikeville, KY
6/17/2010	Debit Card	Captain D's Seafood	\$14.84	Pikeville, KY
6/18/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$20.14	Prestonsburg, KY
6/21/2010	Debit Card	McDonald's	\$9.74	Martin, KY
6/22/2010	Debit Card	Huddle House	\$14.64	Stanville, KY
6/23/2010	Debit Card	Giovanni's	\$15.86	Martin, KY
6/28/2010	Debit Card	Billy Rays Restaurant	\$33.02	Prestonsburg, KY
6/28/2010	Debit Card	Captain D's Seafood	\$19.29	Pikeville, KY
6/29/2010	Debit Card	Lillie Campbell & Son	\$9.76	Garrett, KY
7/1/2010	Debit Card	Applebee's	\$28.58	Pikeville, KY
7/1/2010	Debit Card	McDonald's	\$9.32	Martin, KY
7/6/2010	Debit Card	McDonald's	\$9.32	Martin, KY
7/6/2010	Debit Card	Holly Hills Mall Restaurant	\$17.92	Unknown
7/21/2010	Debit Card	Pizza Hut	\$17.78	Pikeville, KY
7/22/2010	Debit Card	McDonald's	\$10.43	Martin, KY
7/22/2010	Debit Card	Ponderosa	\$12.72	Hazard, KY
7/27/2010	Debit Card	Pizza Hut	\$17.78	Pikeville, KY
7/29/2010	Debit Card	Golden Corral	\$18.83	Lexington, KY
7/29/2010	Debit Card	Captain D's Seafood	\$14.24	Pikeville, KY
7/30/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$20.14	Prestonsburg, KY
8/2/2010	Debit Card	McDonald's	\$9.74	Martin, KY
8/3/2010	Debit Card	Huddle House	\$16.41	Stanville, KY
8/5/2010	Debit Card	Captain D's Seafood	\$16.15	Pikeville, KY
8/6/2010	Debit Card	McDonald's	\$9.74	Martin, KY
8/9/2010	Debit Card	McDonald's	\$7.52	Martin, KY
8/9/2010	Debit Card	Dairy Queen	\$13.78	Martin, KY
8/9/2010	Debit Card	Arby's	\$15.31	Hindman, KY
8/11/2010	Debit Card	Lee's Famous Recipe	\$27.28	Hazard, KY
8/11/2010	Debit Card	Pizza Hut	\$19.90	Prestonsburg, KY
8/16/2010	Debit Card	El Azul Grande	\$9.53	Unknown
8/16/2010	Debit Card	Dairy Queen	\$8.75	Martin, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
8/18/2010	Debit Card	Tlaquepaque Mexican Restaurant	\$15.00	Prestonsburg, KY
8/18/2010	Debit Card	Huddle House	\$13.41	Stanville, KY
8/23/2010	Debit Card	McDonald's	\$11.97	Martin, KY
8/24/2010	Debit Card	Captain D's Seafood	\$16.07	Pikeville, KY
8/25/2010	Debit Card	Billy Rays Restaurant	\$20.11	Prestonsburg, KY
8/26/2010	Debit Card	Ponderosa	\$12.72	Hazard, KY
8/30/2010	Debit Card	Hardees	\$9.92	Hazard, KY
8/30/2010	Debit Card	Ponderosa	\$48.17	Hazard, KY
8/30/2010	Debit Card	Pizza Hut	\$22.08	Prestonsburg, KY
8/30/2010	Debit Card	Hardees	\$10.15	Hazard, KY
8/30/2010	Debit Card	Hardees	\$14.46	Hazard, KY
8/30/2010	Debit Card	Lee's Famous Recipe	\$27.28	Hazard, KY
9/3/2010	Debit Card	Papa Johns	\$10.45	Prestonsburg, KY
9/7/2010	Debit Card	Dairy Queen	\$15.59	Martin, KY
9/15/2010	Debit Card	Captain D's Seafood	\$24.92	Pikeville, KY
9/15/2010	Debit Card	McDonald's	\$9.22	Martin, KY
9/16/2010	Debit Card	Huddle House	\$17.64	Stanville, KY
9/20/2010	Debit Card	McDonald's	\$1.58	Prestonsburg, KY
9/20/2010	Debit Card	McDonald's	\$10.49	Martin, KY
9/20/2010	Debit Card	Lee's Famous Recipe	\$18.19	Hazard, KY
9/21/2010	Debit Card	Pizza Hut	\$24.65	Pikeville, KY
9/23/2010	Debit Card	El Azul Grande	\$19.48	Pikeville, KY
9/27/2010	Debit Card	Dairy Queen	\$10.45	Martin, KY
9/27/2010	Debit Card	McDonald's	\$14.36	Martin, KY
10/4/2010	Debit Card	Peking Chinese Restaurant	\$25.00	Unknown
10/4/2010	Debit Card	McDonald's	\$13.83	Martin, KY
10/11/2010	Debit Card	Peking Chinese Restaurant	\$62.51	Unknown
10/12/2010	Debit Card	Huddle House	\$25.41	Stanville, KY
10/15/2010	Debit Card	McDonald's	\$10.55	Martin, KY
10/18/2010	Debit Card	Dairy Queen	\$4.84	Martin, KY
10/18/2010	Debit Card	Pizza Hut	\$20.20	Prestonsburg, KY
10/18/2010	Debit Card	Little Caesars	\$3.80	Prestonsburg, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
10/19/2010	Debit Card	Golden Corral	\$20.31	Winchester, KY
10/20/2010	Debit Card	Pizza Hut	\$17.89	Pikeville, KY
10/21/2010	Debit Card	McDonald's	\$9.70	Martin, KY
10/25/2010	Debit Card	Peking Chinese Restaurant	\$25.51	Unknown
10/25/2010	Debit Card	McDonald's	\$10.55	Martin, KY
10/25/2010	Debit Card	McDonald's	\$10.55	Martin, KY
10/26/2010	Debit Card	Pizza Hut	\$23.46	Prestonsburg, KY
10/28/2010	Debit Card	El Azul Grande	\$16.20	Unknown
10/29/2010	Debit Card	Dairy Queen	\$23.02	Martin, KY
11/2/2010	Debit Card	McDonald's	\$9.43	Martin, KY
11/3/2010	Debit Card	Pizza Hut	\$18.28	Prestonsburg, KY
11/5/2010	Debit Card	Holly Hills Mall Restaurant	\$20.81	Hindman, KY
11/8/2010	Debit Card	Pizza Hut	\$17.20	Prestonsburg, KY
11/8/2010	Debit Card	Dairy Queen	\$10.55	Martin, KY
11/9/2010	Debit Card	Billy Rays Restaurant	\$19.57	Prestonsburg, KY
11/12/2010	Debit Card	Reno's Roadhouse	\$53.71	Pikeville, KY
11/15/2010	Debit Card	McDonald's	\$9.22	Martin, KY
11/15/2010	Debit Card	El Azul Grande	\$32.45	Unknown
11/16/2010	Debit Card	Peking Chinese Restaurant	\$53.74	Unknown
11/18/2010	Debit Card	Huddle House	\$21.97	Stanville, KY
11/22/2010	Debit Card	Reno's Roadhouse	\$56.64	Pikeville, KY
11/23/2010	Debit Card	Cracker Barrel	\$23.37	Harrison, KY
11/24/2010	Debit Card	Dutch Café	\$12.49	Unknown
11/26/2010	Debit Card	Captain D's Seafood	\$15.97	Pikeville, KY
11/29/2010	Debit Card	McDonald's	\$8.27	Martin, KY
11/29/2010	Debit Card	Dairy Queen	\$61.08	Martin, KY
11/30/2010	Debit Card	McDonald's	\$9.22	Martin, KY
12/1/2010	Debit Card	Dairy Queen	\$19.12	Martin, KY
12/1/2010	Debit Card	McDonald's	\$5.65	Martin, KY
12/2/2010	Debit Card	McDonald's	\$9.22	Martin, KY
12/2/2010	Debit Card	Huddle House	\$16.89	Stanville, KY
12/3/2010	Debit Card	McDonald's	\$10.49	Martin, KY
12/6/2010	Debit Card	Los Azteces Mexican Grill	\$22.40	Prestonsburg, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
12/6/2010	Debit Card	Pizza Hut	\$35.32	Prestonsburg, KY
12/6/2010	Debit Card	Captain D's Seafood	\$27.24	Pikeville, KY
12/9/2010	Debit Card	Captain D's Seafood	\$5.12	Hazard, KY
12/10/2010	Debit Card	McDonald's	\$6.84	Martin, KY
12/10/2010	Debit Card	McDonald's	\$10.49	Martin, KY
12/13/2010	Debit Card	Los Azteces Mexican Grill	\$19.18	Prestonsburg, KY
12/13/2010	Debit Card	McDonald's	\$12.08	Martin, KY
12/16/2010	Debit Card	McDonald's	\$10.12	Martin, KY
12/16/2010	Debit Card	Huddle House	\$16.27	Stanville, KY
12/17/2010	Debit Card	Little Caesars	\$21.99	Prestonsburg, KY
12/20/2010	Debit Card	Pizza Hut	\$21.56	Prestonsburg, KY
12/20/2010	Debit Card	Huddle House	\$32.23	Hazard, KY
12/20/2010	Debit Card	McDonald's	\$11.34	Martin, KY
12/22/2010	Debit Card	Dairy Queen	\$11.62	Hindman, KY
1/3/2011	Debit Card	Pizza Hut	\$26.16	Prestonsburg, KY
1/10/2011	Debit Card	Pizza Hut	\$36.30	Prestonsburg, KY
1/12/2011	Debit Card	Los Azteces Mexican Grill	\$29.27	Prestonsburg, KY
1/14/2011	Debit Card	Pizza Hut	\$18.29	Prestonsburg, KY
1/18/2011	Debit Card	Huddle House	\$14.64	Stanville, KY
1/24/2011	Debit Card	Los Azteces Mexican Grill	\$11.77	Prestonsburg, KY
1/27/2011	Debit Card	Huddle House	\$20.30	Stanville, KY
1/27/2011	Debit Card	Reno's Roadhouse	\$57.58	Pikeville, KY
2/1/2011	Debit Card	Pizza Hut	\$18.29	Prestonsburg, KY
2/4/2011	Debit Card	Dairy Queen	\$15.77	Martin, KY
2/8/2011	Debit Card	Ponderosa	\$23.54	South Point, OH
2/9/2011	Debit Card	Pizza Hut	\$14.61	Pikeville, KY
2/14/2011	Debit Card	Dairy Queen	\$11.41	Martin, KY
2/14/2011	Debit Card	McDonald's	\$3.16	Prestonsburg, KY
2/14/2011	Debit Card	Little Caesars	\$23.95	Prestonsburg, KY
2/18/2011	Debit Card	McDonald's	\$8.59	Martin, KY
2/21/2011	Debit Card	McDonald's	\$5.25	Martin, KY
2/21/2011	Debit Card	McDonald's	\$9.86	Martin, KY
2/23/2011	Debit Card	Dairy Queen	\$11.62	Hindman, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
2/28/2011	Debit Card	Los Azteces Mexican Grill	\$18.42	Prestonsburg, KY
3/8/2011	Debit Card	Captain D's Seafood	\$19.89	Pikeville, KY
3/14/2011	Debit Card	Los Azteces Mexican Grill	\$9.81	Prestonsburg, KY
3/15/2011	Debit Card	Los Azteces Mexican Grill	\$10.77	Prestonsburg, KY
3/16/2011	Debit Card	Little Caesars	\$25.05	Prestonsburg, KY
3/21/2011	Debit Card	Peking Chinese Restaurant	\$37.51	Prestonsburg, KY
3/21/2011	Debit Card	Pizza Hut	\$18.29	Prestonsburg, KY
3/21/2011	Debit Card	Los Azteces Mexican Grill	\$11.77	Prestonsburg, KY
3/24/2011	Debit Card	Huddle House	\$15.70	Stanville, KY
3/28/2011	Debit Card	Little Caesars	\$48.55	Prestonsburg, KY
3/31/2011	Debit Card	Huddle House	\$17.08	Stanville, KY
4/7/2011	Debit Card	Huddle House	\$16.70	Stanville, KY
4/8/2011	Debit Card	Holly Hills Mall Restaurant	\$20.65	Hindman, KY
4/13/2011	Debit Card	McDonald's	\$9.33	Martin, KY
4/18/2011	Debit Card	Peking Chinese Restaurant	\$30.86	Unknown
4/25/2011	Debit Card	Dairy Queen	\$7.92	Martin, KY
4/25/2011	Debit Card	Los Azteces Mexican Grill	\$8.72	Prestonsburg, KY
4/25/2011	Debit Card	Dairy Queen	\$17.47	Martin, KY
4/25/2011	Debit Card	Los Azteces Mexican Grill	\$16.35	Prestonsburg, KY
4/28/2011	Debit Card	Los Azteces Mexican Grill	\$8.12	Prestonsburg, KY
5/5/2011	Debit Card	McDonald's	\$9.86	Martin, KY
5/9/2011	Debit Card	Dairy Queen	\$14.45	Martin, KY
5/9/2011	Debit Card	Little Caesars	\$30.50	Prestonsburg, KY
5/16/2011	Debit Card	McDonald's	\$3.66	Martin, KY
5/18/2011	Debit Card	McDonald's	\$12.45	Martin, KY
5/26/2011	Debit Card	Huddle House	\$21.77	Hazard, KY
6/3/2011	Debit Card	Holly Hills Mall Restaurant	\$20.69	Hindman, KY
6/6/2011	Debit Card	Reno's Roadhouse	\$51.60	Pikeville, KY
6/7/2011	Debit Card	Golden Corral	\$19.67	Ashland, KY
6/8/2011	Debit Card	Pizza Hut	\$15.48	Prestonsburg, KY
6/14/2011	Debit Card	Billy Rays Restaurant	\$37.74	Prestonsburg, KY
6/20/2011	Debit Card	Los Azteces Mexican Grill	\$7.41	Prestonsburg, KY
6/27/2011	Debit Card	Pizza Hut	\$17.20	Prestonsburg, KY

**Restaurant Charges Placed On Department Debit Card  
January 1, 2006 – February 28, 2012**

**Appendix 1**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
7/5/2011	Debit Card	Los Azteces Mexican Grill	\$7.41	Prestonsburg, KY
7/6/2011	Debit Card	Pizza Hut	\$17.20	Prestonsburg, KY
7/15/2011	Debit Card	Pizza Hut	\$15.48	Prestonsburg, KY
7/19/2011	Debit Card	Little Caesars	\$35.94	Prestonsburg, KY
7/25/2011	Debit Card	Little Caesars	\$35.93	Prestonsburg, KY
7/27/2011	Debit Card	Pizza Hut	\$17.20	Prestonsburg, KY
8/1/2011	Debit Card	Little Caesars	\$32.66	Prestonsburg, KY
8/2/2011	Debit Card	Lillie Campbell & Son	\$14.76	Garrett, KY
8/3/2011	Debit Card	Billy Rays Restaurant	\$19.57	Prestonsburg, KY
8/22/2011	Debit Card	Pizza Hut	\$10.90	Prestonsburg, KY
8/22/2011	Debit Card	Pizza Hut	\$22.24	Prestonsburg, KY
9/16/2011	Debit Card	Dairy Queen	\$5.67	Prestonsburg, KY
9/16/2011	Debit Card	Holly Hills Mall Restaurant	\$18.45	Hindman, KY
10/3/2011	Debit Card	Little Caesars	\$19.60	Prestonsburg, KY
10/17/2011	Debit Card	Ponderosa	\$25.68	South Point, OH
10/24/2011	Debit Card	Lillie Campbell & Son	\$17.61	Garrett, KY
11/3/2011	Debit Card	Huddle House	\$19.66	Hazard, KY
11/9/2011	Debit Card	Lillie Campbell & Son	\$26.25	Garrett, KY
12/13/2011	Debit Card	Texas Roadhouse	\$183.02	Pikeville, KY
1/6/2012	Debit Card	Holly Hills Mall Restaurant	\$17.81	Hindman, KY
2/27/2012	Debit Card	Hardee's	\$18.91	Lexington, KY
2/27/2012	Debit Card	Golden Corral	\$39.69	Winchester, KY
2/27/2012	Debit Card	O'Charleys	\$67.25	Lexington, KY
2/28/2012	Debit Card	Arby's	\$34.37	Lexington, KY
<b>Total</b>		<b>895 Transactions</b>	<b>\$14,783.93</b>	



**Restaurant Charges Placed On District Credit Card  
October 27, 2007 – May 21, 2009**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
10/27/2007	Credit Card	Arbys	\$9.04	Hazard, KY
10/28/2007	Credit Card	Lee's Famous Recipe	\$15.86	Hazard, KY
12/15/2007	Credit Card	Dairy Queen	\$28.70	Martin, KY
3/29/2008	Credit Card	McDonald's	\$19.52	Paintsville, KY
3/29/2008	Credit Card	Arby's	\$34.16	Paintsville, KY
3/30/2008	Credit Card	Ponderosa Steakhouse	\$46.12	Paintsville, KY
3/30/2008	Credit Card	Hardee's	\$16.88	Paintsville, KY
4/16/2008	Credit Card	Lillie Campbell & Son	\$17.08	Garrett, KY
4/25/2008	Credit Card	McDonald's	\$7.10	Martin, KY
6/18/2008	Credit Card	Shoneys	\$21.73	Paintsville, KY
8/23/2008	Credit Card	Hardee's	\$19.05	Hazard, KY
8/23/2008	Credit Card	Lee's Famous Recipe	\$36.38	Hazard, KY
8/24/2008	Credit Card	Reno's Roadhouse	\$82.28	Hazard, KY
8/24/2008	Credit Card	Hardee's	\$16.05	Hazard, KY
9/11/2008	Credit Card	Reno's Roadhouse	\$60.64	Prestonsburg, KY
9/14/2008	Credit Card	Lillie Campbell & Son	\$15.61	Garrett, KY
10/12/2008	Credit Card	Jenny Wiley State Resort	\$20.00	Prestonsburg, KY
10/24/2008	Credit Card	El Azul Grande	\$31.67	Prestonsburg, KY
10/25/2008	Credit Card	McDonald's	\$22.15	Martin, KY
10/26/2008	Credit Card	Lillie Campbell & Son	\$11.97	Garrett, KY
11/20/2008	Credit Card	Jenny Wiley State Resort	\$26.27	Prestonsburg, KY
12/4/2008	Credit Card	El Azul Grande	\$21.91	Prestonsburg, KY
1/6/2009	Credit Card	Bob Evans Rest	\$20.84	Pikeville, KY
1/8/2009	Credit Card	Ponderosa Steakhouse	\$24.73	Hazard, KY
1/10/2009	Credit Card	Tlaquepaque Mexican Restaurant	\$18.00	Prestonsburg, KY
1/11/2009	Credit Card	Captain D's Seafood	\$20.08	Pikeville, KY
1/13/2009	Credit Card	Peking Chinese Restaurant	\$53.00	Pikeville, KY
1/18/2009	Credit Card	KFC	\$34.34	Prestonsburg, KY
1/22/2009	Credit Card	El Azul Grande	\$30.00	Prestonsburg, KY
1/30/2009	Credit Card	Tlaquepaque Mexican Restaurant	\$29.10	Prestonsburg, KY
1/31/2009	Credit Card	Pizza Hut	\$25.50	Prestonsburg, KY
2/4/2009	Credit Card	Little Caesars	\$39.71	Prestonsburg, KY
2/5/2009	Credit Card	Dairy Queen	\$12.54	Martin, KY

**Restaurant Charges Placed On District Credit Card  
October 27, 2007 – May 21, 2009**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
2/5/2009	Credit Card	Lee's Famous Recipe	\$22.42	Hazard, KY
2/6/2009	Credit Card	Mandarin House	\$25.50	Paintsville, KY
2/10/2009	Credit Card	Golden Corral	\$19.04	Ashland, KY
2/22/2009	Credit Card	Reno's Roadhouse	\$32.82	Pikeville, KY
2/28/2009	Credit Card	Pizza Hut	\$28.12	Prestonsburg, KY
3/5/2009	Credit Card	Dairy Queen	\$12.88	Hindman, KY
3/10/2009	Credit Card	McDonald's	\$7.42	Martin, KY
3/10/2009	Credit Card	Lillie Campbell & Son	\$17.80	Garrett, KY
3/19/2009	Credit Card	McDonald's	\$11.37	Martin, KY
3/20/2009	Credit Card	Giovanni's	\$26.97	Martin, KY
3/27/2009	Credit Card	Taco Bell	\$13.71	Paintsville, KY
3/28/2009	Credit Card	McDonald's	\$9.49	Paintsville, KY
3/28/2009	Credit Card	Arby's	\$19.36	Paintsville, KY
3/29/2009	Credit Card	Ponderosa Steakhouse	\$37.02	Paintsville, KY
3/29/2009	Credit Card	McDonald's	\$8.13	Paintsville, KY
3/30/2009	Credit Card	McDonald's	\$9.65	Martin, KY
3/31/2009	Credit Card	Giovanni's	\$16.49	Martin, KY
4/2/2009	Credit Card	Holly Hills Mall Restaurant	\$18.34	Hindman, KY
4/5/2009	Credit Card	Little Caesars	\$37.02	Prestonsburg, KY
4/18/2009	Credit Card	McDonald's	\$10.55	Pikeville, KY
4/20/2009	Credit Card	Captain D's Seafood	\$17.03	Pikeville, KY
4/28/2009	Credit Card	Ponderosa	\$18.01	South Point, OH
4/30/2009	Credit Card	Tlaquepaque Mexican Restaurant	\$19.24	Prestonsburg, KY
4/30/2009	Credit Card	Dairy Queen	\$7.60	Martin, KY
5/1/2009	Credit Card	McDonald's	\$7.95	Martin, KY
5/1/2009	Credit Card	Lillie Campbell & Son	\$22.20	Garrett, KY
5/2/2009	Credit Card	McDonald's	\$27.17	Martin, KY
5/4/2009	Credit Card	McDonald's	\$7.42	Martin, KY
5/5/2009	Credit Card	McDonald's	\$10.01	Martin, KY
5/7/2009	Credit Card	Holly Hills Mall Restaurant	\$18.34	Hindman, KY
5/8/2009	Credit Card	McDonald's	\$9.65	Martin, KY
5/11/2009	Credit Card	McDonald's	\$14.83	Martin, KY
5/12/2009	Credit Card	Pizza Hut	\$58.92	Prestonsburg, KY
5/12/2009	Credit Card	McDonald's	\$12.46	Martin, KY

---

**Restaurant Charges Placed On District Credit Card**  
**October 27, 2007 – May 21, 2009**

<b>Transaction Date</b>	<b>Payment Type</b>	<b>Payee</b>	<b>Withdrawal Amount</b>	<b>Location</b>
5/12/2009	Credit Card	Lillie Campbell & Son	\$14.32	Garrett, KY
5/13/2009	Credit Card	McDonald's	\$9.65	Martin, KY
5/15/2009	Credit Card	Mandarin House	\$147.70	Paintsville, KY
5/20/2009	Credit Card	Ponderosa Steakhouse	\$12.72	Hazard, KY
5/21/2009	Credit Card	Tlaquepaque Mexican Restaurant	\$18.58	Prestonsburg, KY
<b>Total</b>		<b>72 Transactions</b>	<b>\$1,725.91</b>	



**Additional Personal Purchases Placed On the Department's Store Charge Account  
July 2007 – February 2012**

<b>Transaction Date</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Extended Price</b>	<b>Location</b>
7/31/08	Velva Triplet – Sams Club Membership	1	\$35.00	South Point, OH
7/31/08	Simon Triplet – Sams Club Membership	1	\$35.00	South Point, OH
12/5/08	Lrg Cord Cherries	1	\$1.94	Pikeville, KY
12/12/08	Lrg Cord Cherries	2	\$3.88	Pikeville, KY
2/10/09	Pork Rind Barrel	2	\$11.76	South Point, OH
3/12/09	KY Touch Variety Pk	1	\$9.84	Prestonsburg, KY
3/29/09	Milky Way 6 Packs	1	\$3.64	Prestonsburg, KY
6/17/09	Rem Pers Groomer 7-1	1	\$15.00	Pikeville, KY
6/28/09	Dial Exfol 18oz. BW	1	\$3.00	Hazard, KY
7/17/09	Fla-vor-ice	1	\$8.08	South Point, OH
7/17/09	MM Famotidine 20 MG	1	\$9.88	South Point, OH
7/17/09	Oral B Advantage Plus	1	\$9.88	South Point, OH
7/17/09	Butter Lover's	1	\$7.12	South Point, OH
7/31/09	Velva Triplet	1	\$35.00	South Point, OH
7/31/09	Simon Triplet	1	\$35.00	South Point, OH
8/28/09	Pork Rind Barrel – DC	2	\$12.76	South Point, OH
8/28/09	10% Eth Unl	16.65	\$40.45	South Point, OH
Stmt Date 11/2/09	Pork Rind Barrel – DC	2	\$12.76	South Point, OH
Stmt Date 11/2/09	Dum Dum Pops	1	\$6.98	South Point, OH
Stmt Date 11/2/09	Gala Apples 5 LB	1	\$4.97	South Point, OH
Stmt Date 11/2/09	Child's Playtime Mix	1	\$8.76	South Point, OH
Stmt Date 11/2/09	Red Seedless Grapes	1	\$4.98	South Point, OH
Stmt Date 11/2/09	Peanut Brittle	1	\$7.98	South Point, OH
Stmt Date 11/2/09	Kiddie Mix	1	\$9.28	South Point, OH
Stmt Date 11/2/09	Mars Sugar 09	1	\$9.98	South Point, OH
10/27/09	Sounds of Halloween	1	\$5.00	Pikeville, KY
10/27/09	Green Spider Web	2	\$4.00	Pikeville, KY
11/1/09	Green Spider Web	5	\$5.00	Pikeville, KY
11/1/09	White Spider Web	3	\$3.00	Pikeville, KY

**Additional Personal Purchases Placed On the Department's Store Charge Account  
July 2007 – February 2012**

<b>Transaction Date</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Extended Price</b>	<b>Location</b>
11/1/09	Goalie Mask	3	\$6.00	Pikeville, KY
11/1/09	Metal Mask Silver	1	\$4.00	Pikeville, KY
11/1/09	Metal Mask Gold	1	\$4.00	Pikeville, KY
11/1/09	Metal Mask Red	1	\$4.00	Pikeville, KY
11/2/09	Mini Fogger – 400W	3	\$45.00	Store Location 1233
11/2/09	Ghoulish Cape	4	\$20.00	Store Location 1233
12/22/09	Lrg Cord Cherries	2	\$5.92	Pikeville, KY
1/1/10	Morgans Chew	3	\$10.26	Pikeville, KY
1/7/10	MM Vitamin D3 2000 IU	1	\$8.43	South Point, OH
1/7/10	Prilosec OTC	1	\$18.48	South Point, OH
1/7/10	Pork Rind Barrel – DC	1	\$6.38	South Point, OH
1/7/10	Chex Mix	1	\$9.26	South Point, OH
3/6/10	Biscuit Mix	2	\$7.76	South Point, OH
3/6/10	23" Flat Panel LCD	1	\$698.00	South Point, OH
3/6/10	Morgans Chew	2	\$6.84	Louisa, KY
6/30/10	HP LPTP DV7 – 4069WM	1	\$898.00	Pikeville, KY
7/28/10	10% Eth Unl	12.52	\$33.05	Lexington, KY
7/28/10	Blueberries 2LB	1	\$4.98	Lexington, KY
7/28/10	Extra Berry Pearadis	1	\$6.88	Lexington, KY
7/28/10	Extrafruitsensations	1	\$6.88	Lexington, KY
7/31/10	Velva Triplett – Sams Club Membership	1	\$35.00	South Point, OH
7/31/10	Simon Triplett – Sams Club Membership	1	\$35.00	South Point, OH
8/17/10	NV Sweet & Slty Brs	1	\$8.47	Lexington, KY
8/17/10	Strawberry Chzcake	1	\$4.46	Lexington, KY
8/17/10	10% Eth Unl	8.54	\$21.84	Lexington, KY
8/28/10	York Mints Bar	2	\$1.00	Pikeville, KY
11/12/10	Win Dlx Gun Clng Kit	1	\$15.97	Pikeville, KY
11/29/10	QA Cordial Cherries	2	\$2.56	Pikeville, KY
3/14/11	Deluxe Pecan Pie	1	\$4.58	Lexington, KY
3/14/11	Cheese Curls	1	\$2.27	Lexington, KY
3/14/11	Tysn Chicken Nuggets	1	\$9.97	Lexington, KY
3/14/11	Totino's Pizza Rolls	1	\$7.98	Lexington, KY
7/18/11	Lipton Green Citrus	1	\$9.98	Lexington, KY
7/31/11	Velva Triplett – Sams Club Membership	1	\$35.00	South Point, OH

<b>Transaction Date</b>	<b>Item Description</b>	<b>Quantity</b>	<b>Extended Price</b>	<b>Location</b>
7/31/11	Simon Triplett – Sams Club Membership	1	\$35.00	South Point, OH
7/31/11	Membership Auto Bill	1	\$65.00	South Point, OH
8/17/11	Bud Beer 18 PL NR	1	\$13.97	Hazard, KY
9/19/11	XMENFRSTCLASS WS	1	\$19.96	Hazard, KY
10/14/11	Child's Playtime Mix	3	\$26.28	South Point, OH
10/14/11	Mars Choc Vty	1	\$9.98	South Point, OH
10/14/11	Skittles/Starburst	1	\$9.98	South Point, OH
10/14/11	Nestle Chocolate	1	\$9.98	South Point, OH
10/14/11	Twizz/Jolly Rancher	1	\$9.98	South Point, OH
10/21/11	Creamy Peanut Butter	1	\$7.98	South Point, OH
10/21/11	Peanut Brittle	1	\$9.98	South Point, OH
10/21/11	Veggie Straws	1	\$5.18	South Point, OH
10/21/11	Large Black Walnuts	1	\$10.88	South Point, OH
10/21/11	Morgans Chew	1	\$3.76	Pikeville, KY
1/11/12	Unlead	12.02	\$40.00	South Point, OH
<b>Total</b>	<b>78 Transactions</b>		<b>\$2,636.03</b>	





<b>Transaction Date</b>	<b>Payment Type</b>	<b>Vendor</b>	<b>Location</b>	<b>Amount</b>
11/29/2007	Credit Card	CK 9100 Terry Triplett		\$1,000.00
11/29/2007	Credit Card	Cash Advance Fee		\$30.00
12/15/2007	Credit Card	Friedmans Jewelers	Pikeville, KY	\$169.39
12/21/2007	Credit Card	CK 3326 Terry W. Triplett		\$1,000.00
2/29/2008	Credit Card	Martin IGA	Martin, KY	\$37.01
4/1/2008	Credit Card	Paypal Davis Commun		\$270.00
4/20/2008	Credit Card	Martin IGA	Martin, KY	\$48.07
5/10/2008	Credit Card	Triangle Market Incorp	Martin, KY	\$54.42
6/7/2008	Credit Card	Triangle Market Incorp	Martin, KY	\$62.11
6/22/2008	Credit Card	Triangle Market Incorp	Martin, KY	\$84.71
8/12/2008	Credit Card	Martin IGA	Martin, KY	\$33.13
9/13/2008	Credit Card	Martin IGA	Martin, KY	\$53.72
9/21/2008	Credit Card	Martin IGA	Martin, KY	\$34.22
9/21/2008	Credit Card	Triangle Market Incorp	Martin, KY	\$86.34
9/28/2008	Credit Card	Triangle Market Incorp	Martin, KY	\$71.94
10/3/2008	Credit Card	Martin IGA	Martin, KY	\$31.06
11/5/2008	Credit Card	Garrett Floral & Gift	Garrett, KY	\$88.00
11/28/2008	Credit Card	Paypal Davis Commun		\$598.00
12/22/2008	Credit Card	Fashion Bug	Pikeville, KY	\$52.99
1/18/2009	Credit Card	Food City	Prestonsburg, KY	\$43.54
1/27/2009	Credit Card	Martin IGA	Martin, KY	\$32.62
1/31/2009	Credit Card	Food City	Prestonsburg, KY	\$30.28
2/7/2009	Credit Card	Food City	Prestonsburg, KY	\$98.37
2/7/2009	Credit Card	Triangle Market Incorp	Martin, KY	\$37.90
3/7/2009	Credit Card	McDowell IGA	McDowell, KY	\$47.55
3/19/2009	Credit Card	Garrett Floral & Gift	Garrett, KY	\$51.94
3/21/2009	Credit Card	McDowell IGA	McDowell, KY	\$89.37
4/18/2009	Credit Card	Triangle Market Incorp	Martin, KY	\$61.87
4/22/2009	Credit Card	United Grocery Outlet	Hazard, KY	\$39.05
<b>Totals:</b>		<b>29 Transactions</b>		<b>\$4,337.60</b>



**EXHIBITS**



Lock Box Payment History

Terry Triplett

<u>Post Date</u>	<u>Amount</u>	<u>ABA</u>	<u>Checking Account Number</u>
02-MAY-06	735.67		
05-JUN-06	790.31		Redacted for privacy purposes.
08-JUL-06	960.98		
31-JUL-06	1256.41		
05-SEP-06	350.01		
02-OCT-06	3758.62		
02-NOV-06	1825.27		
13-DEC-06	1197.31		
27-DEC-06	1080.74		
09-FEB-07	586.07		
02-MAR-07	1108.2		
30-MAR-07	5167.12		
03-MAY-07	1374.33		
29-MAY-07	916.12		
02-JUL-07	1696.16		
30-JUL-07	1273.85		
01-SEP-07	1607.66		
05-OCT-07	3207.94		
29-OCT-07	1277.83		
11-DEC-07	614.13		
08-JAN-08	1901.94		
31-JAN-08	1875.56		
07-MAR-08	2556.53		
28-MAR-08	1116.32		
02-MAY-08	2053.4		
30-MAY-08	1977.36		
28-JUN-08	1838.91		
04-AUG-08	1354.93		
02-SEP-08	2492.6		
26-SEP-08	1974.18		
31-OCT-08	1806.57		
29-NOV-08	2008.91		
27-DEC-08	1821.21		
06-FEB-09	1644.57		
03-MAR-09	2647.23		
30-MAR-09	1403.33		
04-MAY-09	1228.95		
02-JUN-09	2625.03		
07-JUL-09	503.08		



*WE STILL MAKE HOUSE CALLS*

**GARRETT FIRE DEPARTMENT**  
**2012 STONECOAL ROAD**  
**GARRETT, KENTUCKY 41630**  
PHONE                      FAX  
E-MAIL



Department of Treasury  
Internal Revenue Service

RE: Request to reinstate the tax-exempt status for Garrett Area Volunteer Fire Department, Inc. Tax #

Dear Sir/Madam

I am requesting that the tax-exempt status for the Garrett Volunteer Fire Department be reinstated. I have taken care of the finances for the Garrett Fire Department since it was formed in 1981. If you will check our past records you will find we have always filed the proper tax forms up to 3 years ago. In 2008 our CPA retired and at a Fire Association meeting of fire departments in our county (15) I inquired who they were using to file their annual tax returns (form 990). I was surprised to find that not one fire department in the county files taxes. I was told that if a fire department made less than \$300,000.00 a year and did no charitable gaming that they were not required to file taxes. We were paying a CPA \$400.00 a year to do our taxes and I felt that if we were not required to do form 990 that we could use the \$400.00 to purchase much needed equipment. This is my fault, and I take full responsibility for this mistake, I should have checked with your office and verified what I was told. Please don't punish our organization for what was my mistake. For the past 30 years I have attempted to comply with all the regulations and rules governing our fire department and this is the first time I didn't do what was required. Your notice also stated that a previous notice was sent (3 years ago) asking us to file, to my knowledge I did not receive that notice. I am sure you sent it but if I did get it I don't recall it. Again I wish to apologize for this mistake and if reinstated I will immediately seek the help of a CPA and continue to file form 990 as we have for the past 27 years. Our annual income is less than \$50,000.00 and we do no Charitable Gaming.

\_\_\_\_\_  
Terry Triplett  
Assistant Chief  
Garrett Area Volunteer Fire Department





**GARRETT FIRE DISTRICT AND GARRETT AREA**  
**VOLUNTEER FIRE DEPARTMENT RESPONSE**



Danny O'Quinn Board Chairman

Garrett Area Volunteer Fire Dept.

Mr. Lykins, in response to the recent audit of the financial records of the Garrett Area Volunteer Fire Dept., I would like to first thank your staff and you for all the help and guidance you provided us as a fire district. As a newly elected board chairman, I could see the organization had some major problems. Therefore, as a concern group we began to try and identify the problems as a board internally. It didn't take very long for us to see this was much more in depth than we could handle. This was the reason for my contacting our elected State Auditor Mr. Adam Edelen.

As I read the findings of your audit, I found it to be very thorough. I am especially pleased to find recommendations to help in running the organization with more accountability to all of our members. I was also pleased to find many of the audit recommendations have already been put into place as a board. We have demanded accountability to all our fire district members. The district members and the board will work diligently to put into place all the recommended findings you have suggested.

Again, allow all our fire department personnel to express our deepest gratitude for the efficient work you have performed. I am working hard to get these problems behind us and move forward as a fire district. I do understand the necessity of proper accountability of the tax payer's money. They deserve to know and demand how the tax dollar is being spent, and for the purpose it was intended.

May God give us the wisdom and courage to stand up for the principles and ethics of performing our duties as citizens of the Commonwealth of Kentucky.

Thank you,

Danny O'Quinn