

State Auditor Announces Findings of Special Examination of City of Irvine

Mike Harmon, Kentucky Auditor of Public Accounts, today announced the results of a special examination of the city of Irvine in Estill County. The findings in the examination will be referred to the Office of Attorney General (OAG), Internal Revenue Service (IRS), and the Kentucky Department of Revenue to determine whether additional investigation is needed.

"The conclusion we came away with is the city has a poor operating environment in which actions of the mayor, city clerk, and city council members have contributed to numerous questions regarding the city's finances, personnel practices, and other related issues," Auditor Harmon said in releasing the report. "Ongoing disagreements and confusion over who is responsible for supervision of the city's operations created a leadership vacuum, allowing financial decisions to be made without proper review or oversight and increasing the opportunity for waste, fraud or abuse to take place."

The special examination of Irvine, which came about from anonymous complaints to the APA's TIPS line, and a formal request by Irvine Mayor W. J. Noland to conduct a review, contained seven findings:

- The city of Irvine's operating environment is not conducive to proper management of the city's functions primarily because there is a great deal of friction within the city's management. The city clerk and city council bypassed the mayor's executive authority on key decisions, and in many cases the city was noncompliant with state law and local ordinances on issues like budgetary reports. In addition, the city has no policy manual on administrative and financial activities.

- There were disagreements between the mayor and city council on who has authority over matters such as the hiring and dismissal of employees, and professional service contractors like external CPA firms.

- Financial information presented to the city council was minimal, inconsistent and insufficient to allow members to get an accurate understanding of the city's financial situation.

- The city had numerous errors on tax withholdings for federal and state taxes for employees and contractors, and failed to submit tax payments on time and in the correct amount to the IRS and the Kentucky Department of Revenue. Because of those failures, the city was charged nearly \$18,000 in penalties and interest by the IRS and Kentucky Department of Revenue between 2010 and September 2015.

- Due to a lack of segregation of duties, the city clerk often performed financial duties without any review by another responsible official. For example, the city clerk approved a raise for a city employee without the mayor's signature, and the city clerk opened and closed bank accounts without any review or approval by the mayor.

- There was a lack of documentation on disbursements from the city's bank accounts. Our office examined 302 transactions from those accounts over a three-year period, and discovered 84 percent, or 253 transactions, lacked information such as invoices or receipts, and no evidence that anyone outside the city clerk had reviewed invoices or determined whether the expenditure was for valid purposes for the city. Auditors also found \$5,090 in petty cash withdrawals without any supporting receipts.

- We also discovered fund transfers to the city's

payroll account were not enough to cover the amount paid to employees, leading to bank charges of \$3,311 in overdraft fees, returned deposits, fees for providing paper bank statements over and above the electronic statements provided, and other fees charged to correct errors from the deposit of funds. Our office also found an instance where the city had reimbursed a local grocery store after a city employee cashed their payroll check and it bounced because of insufficient funds in the city's account.

- The city paid bonuses to city employees in violation of Section 3 of the Kentucky Constitution. When the city was advised in a prior audit that bonuses are not permissible, the city changed its methodology and began purchasing and distributing gift cards to employees. We discovered a check written for \$1,650 in Fiscal Year 2014 made out to "Christmas Bonus."

- Auditors identified \$4,441 in questionable expenditures for gift cards and gift certificates for employees, flowers and gifts sent to city employees, elected officials and their families, and meal purchases. We also found the city clerk reimbursed herself \$504 in July 2015 for four years of meal allowance expenses without any supporting documentation.

"Due to the lack of supporting documentation for expenditures and other examples cited in our examination report, we are referring this to the Attorney General's office for them to determine if there has been any criminal wrongdoing within the city of Irvine," added Auditor Harmon. "The amount of missing or incomplete documentation in many areas was concerning enough that we felt it appropriate for law enforcement to take a closer look."



Jenny Cocanougher (Extension District 4 Director), left, and Earl Brandenburg (Extension District Board Chairman) presented a certificate of achievement to Cheryl Flynn upon her retirement as secretary at the Estill County Extension Service.

Secretary for Estill Extension Service is retiring after 36 years on the job

After 36 years as secretary of the Estill County Extension Service Cheryl Flynn Stepp is retiring at the end of the year.

A reception was held in her honor on Monday at the extension office.

Cheryl started working at the extension office right out of high school at age 18. She had worked two summers on the county youth program before being officially hired in October of 1980.

When she started working, the extension office was located in the courthouse. Then it moved to Richmond Road. The extension district bought their present building and moved to Golden Court.

During this time, Cheryl has worked with four Family and Consumer Science (FCS) agents, five 4-H agents, and three Agriculture and Natural Resource (ANR) agents.

There has also been four EFNEP assistants, one SNAP-ED assistant, and two 4-H assistants. She has also had seven women working beside her as staff support assistants.

She says she seen many changes over the years from how she did our job, to the equipment, to the people, office sites, pay range, and work ethic. The staff has also

done some community service and volunteer roles.

She has worked closely with the fair board to help coordinate the county fair. Some of her duties were setting up the fair catalog and sending a summary into Frankfort.

She worked with the Estill County Conservation District to take fish orders. She also served on the Estill County/Wagersville and Barnes Mt. Septic System Program through the Conservation District as spokesperson for the Wagersville area.

In 36 years, Cheryl has worked with four generations of the Beckley, Taylor, Flynn, Newton and Burns families. She has also worked through two generations of 4-Hers and two generations of FRC coordinators. In 2010 she received UK's Outstanding Employee Award. It is sponsored by the UK College of Agriculture Food and Environment, Gamma Sigma Delta and the College of AG and HES Alumni Association.

"After resting for a while, I'd like to find part-time employment," she stated. "In the meantime, I'll still be helping n the fair board and plan on getting more involved in the Estill County Extension Homemaker Association."

Police Activity Log

Derrick Lee Burns, 25, of Leighton Road was a passenger in a parked car that KSP stopped to check on.

The citation by Trooper Nick Brumback states that Burns took off running down Barnes mountain Road.

After his apprehension, Burns was charged with possession of a controlled substance, first degree and first offense (cocaine), fleeing or evading police, second degree (on foot), drug paraphernalia - buy/possess, and resisting arrest.

Bail for Burns has been set at \$5,000 cash.

- Ricky David Richardson, 48, of South Irvine Road was charged by KSP with possession of a controlled substance, first degree and first offense, possession of a controlled substance, third degree, possession of marijuana, and prescription controlled substance not in proper container, first offense.

Bail for Richardson was set at \$7,500 cash.

- A West Irvine man has been charged in connection with an October burglary.

The citation states the burglary occurred on October 1 at 265 Oak Street. Fur-

niture was reportedly taken from an unoccupied building during the burglary by two people.

Irvine Police Captain Adrian McKinney arrested Daniel David Jones, 52, of West Cedar Grove on Dec. 6 in connection with that burglary.

The citation states that IPD served a search warrant on Jones' property and recovered a handmade cherry headboard, footboard, and side rails which were taken during the burglary.

His bail was set at \$20,000 cash.

- Roy Gail Gross, 45, of Pea Ridge Road, Irvine was charged with theft by unlawful taking or shoplifting under \$500 on Dec. 8 by Deputy Daniel Smith.

Smith investigated a theft at Stop and Shop. The citation states that Gross was observed on camera taking a ribeye loin and hiding it under his jacket and pants. He allegedly walked out of the store without paying for the meat which was estimated to be worth \$50 to \$60.

The deputy said he went to Gross' home the day after the loin was taken, and Gross admitted to taking it.

- Corey Michael Alexan-

der, 20, of Waco was charged with criminal mischief third degree by Deputy Smith.

The deputy said an object was thrown through a window at Reynolds Road which broke it out. The citation states that Alexander was visiting a friend who lived nearby.

Escape

Continued from Page 1

He was later told that Newman had hidden a handcuff key in his mouth. A search of Newman did not turn up a key, nor is it known where he could have gotten a key.

Newman was charged with escape second degree, a felony. He was also charged with two counts of wanton endangerment, first degree of a police officer, because Morris and Smith were almost struck by cars while they were chasing the inmate down the roadway.

Newman's bail was set at \$50,000 cash.

Durham was not charged, but Morris expects a grand jury will indict him in connection with aiding in the escape. Morris said the escape had been planned.

Troopers find meth lab inside car stopped for loud exhaust

Two Hargett area residents were charged December 6 after Kentucky State Police report they found a meth lab inside a vehicle.

Trooper Nick Brumback said the troopers observed a red 1992 Mercury Topaz with an extremely loud exhaust traveling on Burton Williams Road.

The trooper said as he was approaching the vehicle to make a traffic stop, the car pulled into the bottom of 315 Burton Williams Road and was quickly put into reverse.

Brumback initiated his lights for a traffic stop. He said the passenger door opened and the passenger attempted to get out. Trooper Robinson gave loud verbal commands for the passenger to get back inside the vehicle.

Then Brumback said the driver side door came open. He commanded the driver to shut the door and roll down the window. As the two troopers approached the vehicle, they reported a strong smell came from it.

The driver and passenger were then asked to step out of the vehicle for the officers' safety.

As the passenger left the vehicle, Trooper Robinson reported seeing him trying to hide something in the back of his pants. He searched the passenger, Christopher Eugene

Tipton, 38, of New Fox Road, Irvine and reported finding two needles, one uncapped.

The citation states that Trooper Robinson located an active methamphetamine lab under the passenger seat.

Tipton was handcuffed and placed under arrest. He was lodged in the Estill County Detention Center.

Tipton was charged with manufacturing methamphetamine, first offense, and drug paraphernalia - buy/possess.

The driver of the vehicle was Isaac Lee Cornett, 44, of Burton Williams Road.

The citation states that as he was getting out of the car, he dropped a clear bag with a white powdery substance and a needle. Cornett also reportedly told the troopers that he had needles in the driver's side door.

He was also taken to the Estill County Detention Center.

Cornett was charged with manufacturing methamphetamine, first offense, possession of a controlled substance, first degree and first offense (methamphetamine), and drug paraphernalia - buy/possess.

Bail for Cornett was set at \$10,000 cash.

Tipton's bail was set at \$20,000 cash. Court records state that Tipton was arrested on a new offense while a case was pending.



The American Legion Riders from Post 79 made a large donation of toys Saturday morning to Raven-



na Police Chief Ken White, local coordinator of the Toys for Tots program.



Ravenna Police Chief Ken White accepts a check for \$1,401.00 from Willard Horn of Post 79 American Legion Riders. The Riders held a roadblock for Toys for Tots one week earlier at the "Y" on Richmond Road.