



**Auditor of
Public Accounts
Allison Ball**

Breckinridge County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Breckinridge County Fiscal Court for the fiscal year ended June 30, 2024. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor's letter to communicate whether the financial statements present fairly the receipts, disbursements, and changes in fund balances of the Breckinridge County Fiscal Court in accordance with accounting principles generally accepted in the United States of America. The fiscal court's financial statement did not follow this format. However, the fiscal court's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for 116 of 120 fiscal court audits in Kentucky.

Finding: The Breckinridge County Fiscal Court failed to implement adequate internal controls over cash and debt service processes and financial reporting.

The following issues were noted with Breckinridge County Fiscal Court's cash and debt service processes and financial reporting:

- When the former county treasurer entered the budget for fiscal year ending June 30, 2024, into the accounting software, she incorrectly recorded the General Fund transfers out of \$400,000 as a positive amount.
- The fourth quarter financial statement was misstated by \$156,902.
- The county treasurer failed to record borrowed money proceeds in the amount of \$131,476, and the corresponding purchase of the same amount for sheriff's vehicles.
- The fiscal court failed to budget \$47,018 of debt service payments made by the sheriff's office on behalf of the fiscal court.

Recommendations

We make the following recommendations to address these issues:

- The fiscal court should strengthen oversight and internal controls in order to ensure complete and accurate accounting records are maintained and establish checks and balances to verify that the amounts recorded and reported are accurate.
- The fiscal court should ensure all amounts are recorded in the budget correctly.
- The fiscal court should ensure that they properly budget and record all borrowed money and any related purchases, as well as all debt service payments.

County Officials Response

County Judge/Executive's Response: This was an oversight on our part and steps have been taken to ensure this does not happen in the future.

Finding: The Breckinridge County Fiscal Court did not have adequate internal controls over disbursements and bidding processes

We tested 25 transactions totaling \$3,866,527, which resulted in the following issues:

- One disbursement for the purchase of a truck in the amount of \$49,005 did not have an itemized invoice or the corresponding specification sheet. In addition, rather than procuring vehicles by soliciting bids per KRS 424.260, the county opted to procure the vehicle using the state pricing contract. However, the county failed to obtain quotes from a minimum of three dealers who have master agreements with the Finance and Administration Cabinet.
- The purchase of three used vehicles totaling \$79,700, jail video arraignment equipment in the amount of \$113,609, and four recycling trailers and four wire mesh trailers totaling \$108,312 were not advertised for bid by the fiscal court.
- The fiscal court failed to properly procure bids for the food service contract at the Breckinridge County Detention Center, which totaled \$282,624.
- Bids to provide road tile and crushed stone to the fiscal court were accepted from multiple vendors.

Recommendations

We recommend the Breckinridge County Fiscal Court implement internal controls over disbursement and procurement processes to ensure itemized invoices are obtained for all purchases and proper procurement procedures are established to ensure compliance with state statutes and county policy. Additionally, if the county chooses to opt out of the bidding process by purchasing vehicles at the state contract price, we recommend that the county comply with the Finance and Administration Cabinet's policies by obtaining quotes with a minimum of three dealers who have Master Agreements with the Finance and Administration Cabinet.

County Officials Response

County Judge/Executive's Response: Steps have been taken to ensure this does not happen in the future.

The audit report can be found on the [auditor's website](#).

