



**Auditor of
Public Accounts
Allison Ball**

Calloway County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Calloway 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 Calloway 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 Calloway County Fiscal Court Failed To Implement Effective Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Calloway County Fiscal Court failed to implement effective internal controls over disbursements. During our testing of the disbursements of the Calloway County Fiscal Court, we noted the following issues:

- Fifty-eight disbursements totaling \$4,292,099 had purchase orders that were issued after the expense had already been incurred.
- The county did not adhere to bidding requirements for a vehicle purchased when the total amount paid to the vendor exceeded \$40,000.
- One invoice totaling \$44,019 was not paid within 30 working days.
- Finance charges were incurred due to a credit card payment being late.
- Encumbrances were not reported on the fourth quarter financial statement.

Recommendations

We recommend the Calloway County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court comply with bidding requirements outlined by KRS 424.260. We also recommend the fiscal court comply with KRS 65.140 by ensuring all invoices are paid within 30 days. We recommend the fiscal court ensures all credit cards payments are made timely to prevent finance charges being incurred on late payments. Finally, we recommend the fiscal court ensures that any open purchase orders created before the end of the fiscal year be reported as encumbrances of the fourth quarter financial statement.

County Officials Response

County Judge/Executive's Response: The Calloway County Fiscal Court will strengthen internal controls in all areas that were recommended.

The audit report can be found on the [auditor's website](https://www.auditor.ky.gov).

