Auditor of
Public Accounts
Allison Ball

Clinton County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Clinton County Fiscal Court for the fiscal year ended June 30, 2025. 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 --- 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 Clinton County Fiscal Court's Financial Statement Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The fourth quarter report presented to the Department for Local Government (DLG) was inaccurate and materially misstated due to the omission of the Clinton County Kentucky Public Properties Corporation Fund (PPC).

• A financial statement for the PPC Fund was not prepared by the treasurer. Therefore, PPC receipts of $22,908 disbursements totaling $2,360,721, bond proceeds of $2,2200,000, beginning cash balance of $524,550, and ending cash balance of $406,737 were not reported.

• The PPC bond anticipation note also had an outstanding balance of $2,235,000, which was not included on the long-term debt liability schedule of the fourth quarter financial report.

• One cash transfer of $85,751 from one General Fund account to another was misclassified as a fund transfer.

Recommendations

We recommend the fiscal court implement procedures to ensure the fourth quarter report submitted to DLG be accurate. We recommend the county establish and implement procedures to ensure financial records are maintained for all unbudgeted funds and that a financial statement is prepared for the PPC. We further recommend the county properly disclose all debt on the fourth quarter report liability schedule.

County Officials Response

County Judge/Executive's Response: The official did not provide a response.

Finding: The Clinton County Jail Did Not Have Adequate Controls Over The Jail Commissary

The Clinton County Jail failed to establish and implement adequate controls over the commissary account. As a result, the following deficiencies were noted during the audit:

• A lack of segregation of duties over jail commissary activity was noted. The jailer's bookkeeper collects cash and issues receipts, prepares and makes deposits, writes and signs checks, posts to receipt and disbursement ledgers, prepares bank reconciliations, and prepares reports.

• The annual commissary report presented to the county treasurer was inaccurate and did not reflect actual receipts and disbursements of the jail commissary. Receipts were understated by $3,300 and disbursements were overstated by $7,504.

• Deposits for jail commissary purchases were held in a batch and deposited monthly instead of daily as required.

• One disbursement totaling $96 did not have supporting documentation.

• One invoice totaling $750 was not paid within 30 days of receiving the invoice.

• One invoice totaling $2,349 for the purchase of basic mattresses was not an unallowable use of commissary funds. Because this expense is a normal jail operating cost, it should have been paid from the jail operating fund.

• Five months of sales & use tax were paid between 1-4 months late, resulting in $318 of late fees and interest being paid for FY 2025

Recommendations

We recommend the jailer comply with applicable state law by presenting an accurate financial statement to the county treasurer. The financial statement should be compiled using financial information from receipts and disbursement journals, with the ending balance reconciled to the bank balance, and properly reconciled to total inmate individual balances. We recommend the jailer ensure that commissary profits are only spent on allowable items that comply with statutes, disbursements are supported by adequate documentation, and collected sales taxes are paid timely to the Department of Revenue. We also recommend that the jailer make deposits intact daily. Furthermore, we recommend the jailer segregate incompatible duties over the accounting functions. If segregation of duties is not feasible due to lack of staff, we recommend the jailer implement and document compensating controls and supervisory review.

County Officials Response

Jailer's Response: The official did not provide a response.

The audit report can be found on the auditor's website.

###