Edmonson County Fiscal Court

Audit

Auditor of Public Accounts
Allison Ball

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Edmonson 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 Edmonson 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 Edmonson County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Reporting

During the year ending June 30, 2025, the fiscal court had posting errors to the fourth quarter financial statement, the receipts ledger, and the bank reconciliation for June 30, 2025. The following errors were noted:

• Financial activity related to the acquisition account of the FEMA Special Project lease was not recorded on the receipts ledger and on the quarterly financial report for the Road Fund. Interest earned of $38,061 and prior year carryover of $890,000 were not recorded.

• Franchise taxes received from the sheriff of $14,823 were incorrectly recorded as sheriff fee pooling excess fees (intergovernmental revenues) instead of franchise taxes (taxes) on the receipt ledger and quarterly financial report for the General Fund.

• Funds of $109,414 deposited in error to the Parks and Recreation Fund and then transferred to the correct account, were erroneously recorded as miscellaneous revenues and transfers out on the receipts ledger and quarterly financial report.

• The General Fund bank reconciliation as of June 30, 2025, was incorrect because a check of $163,000 that cleared in June 2025 was included as an outstanding item. Since the check was written to transfer funds between General Fund bank accounts, the financial statement was not misstated.

Recommendations

We recommend the fiscal court implement controls to ensure all financial activity including lease transactions are accurately posted on the fiscal court's quarterly financial report and ledgers in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

County Officials Response

County Judge/Executive's Response: Edmonson County had secured a loan for a large road project. The County Treasurer had reported the loan in other areas of the budget but was unaware to report it in FY2025 as the County had not utilized any of these funds until 2026. The County Treasurer will ensure that all debt is properly recorded on the Quarterly Financial Statements with the Judge Executive verifying.

Finding: The Edmonson County Fiscal Court Did Not Have Strong Internal Controls Over The Handling Of Disbursements

During disbursement testing, the following exceptions were noted:

- Nine disbursements totaling $19,796 out of 60 disbursements tested had purchase orders issued after the expense was already incurred by the fiscal court.
- One disbursement totaling $23,800 out of 60 disbursements tested was paid to the vendor prior to fiscal court approval.
- Sales tax of $4 was paid on two credit card transactions out of 47 credit card transactions tested.
- Itemized invoices were not maintained for 18 credit card transactions totaling $415 out of 47 credit card transactions tested.
- A list of encumbrances is maintained by the fiscal court; however, encumbrances were not reported on the fourth quarter financial report.

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements and ensure encumbrances are reported on the fourth quarter financial report.

County Officials Response

County Judge/Executive's Response: The Judge Executive office will continue to enforce the purchase order system to prevent repeat occurrences. The encumbrances will be submitted with the 4th quarter financial report.

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