



**Auditor of  
Public Accounts  
Allison Ball**

# Fulton County Fiscal Court

## Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Fulton 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 Fulton 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 Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions and Financial Reporting Including Adequately Segregating Duties**

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Fulton County Fiscal Court lacks adequate segregation of duties and failed to provide sufficient oversight and monitoring of accounting functions and the financial reporting for fiscal year ended June 30, 2025. The county treasurer is responsible for preparing deposits, posting to the receipt ledger, preparing checks, posting to the disbursements ledger, performing monthly bank reconciliations, and preparing monthly, quarterly, and annual financial reports. There were no functioning and documented internal controls in place to monitor, provide oversight, or check the work performed by the county treasurer in fiscal year 2025, which allowed the county treasurer to have total control over the accounting and reporting functions. The fourth quarter financial statement submitted to the Department for Local Government did not accurately reflect the financial activities of the county as it was materially inaccurate.

### **Recommendations**

We recommend the Fulton County Fiscal Court segregate the duties involved in recording receipts and disbursements, reconciling bank accounts, and preparing monthly, quarterly, and annual financial reports so that one individual does not have control over all accounting and reporting functions. If segregation of duties is not possible, appropriate management oversight should ensure the completion of accurate financial reports, including budgetary amounts, actual receipts, and disbursements, as well as other required schedules. This oversight should include a documented review of financial reports by management to verify amounts recorded and reported are accurate.

### **County Officials Response**

*County Judge/Executive’s Response: The Fulton County Fiscal Court will implement the recommendations made by the auditors to strengthen internal controls over accounting functions and financial reporting. Additional oversight and segregation of duties will be implemented where feasible, and compensating controls will be established where staffing limitations exist. These changes have been implemented.*

### **Finding: The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year**

This is a repeat finding and was included in the prior year audit report as finding 2024-005. The fiscal court does not require the county treasurer or county judge/executive to present quarterly financial

reports or an annual settlement. Rather, the fiscal court approves the treasurer's monthly financial reports as quarterly financial reports and annual settlement.

## Recommendations

We recommend the fiscal court implement internal control procedures to ensure compliance with state regulations by requiring the county treasurer and the county judge executive to present all required financial reports and an annual settlement to the fiscal court.

## County Officials Response

*County Judge/Executive's Response: The Fulton County Fiscal Court will ensure that all quarterly financial reports and the annual settlement are presented to and formally approved by the Fiscal Court in a timely manner. Procedures will be implemented to track and document approvals to ensure compliance going forward.*

## Finding: The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-004. The Fulton County Fiscal Court failed to implement proper internal controls procedures over disbursements. We tested 46 transactions totaling \$3,656,870, which resulted in the following issues:

- Thirty-seven disbursements totaling \$2,621,905 had a purchase order that was dated after the invoice date.
- Two disbursements totaling \$465,682 were paid prior to fiscal court approval.
- Ten disbursements totaling \$860,411 were not paid within 30 working days of the receipt of the invoice.
- The fiscal court does not issue purchase orders for payroll expenses.
- Encumbrances for fiscal year ending June 30, 2025, were not accurately reported on the fourth quarter financial statement.
- The fiscal court did not properly procure bids for food services or inmate uniforms at the detention center, which cost \$548,471 and \$91,174, respectively.
- The fiscal court purchased a van for the jail in the amount of \$48,860, four vehicles for the sheriff's office in the amount of \$220,064, and one vehicle for the EM director in the amount of \$53,537 utilizing a state price contract; however the fiscal court did not obtain quotes from three approved dealers.

## Recommendations

We recommend the Fulton County Fiscal Court implement internal controls over disbursement and procurement processes to ensure purchase orders are issued prior to purchases being made. Additionally, we recommend that outstanding purchase orders be listed as encumbrances on the fourth quarter financial statement. Lastly, we recommend that proper procurement procedures be established to ensure compliance with state statutes and county policy.

## County Officials Response

*County Judge/Executive's Response: The Fulton County Fiscal Court will implement improved internal controls over disbursements, including enhanced review and approval procedures. Supporting documentation will be required and maintained for all disbursements to ensure proper authorization and compliance.*

## Finding: The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2025 Fiscal Year

This is a repeat finding and was included in the prior year audit report as finding 2024-003. The fiscal court failed to prepare and submit a Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2025 to the DLG. During the fiscal year, the county expended \$1,459,525 in federal funds, which exceeded the threshold for a single audit.

## Recommendations

We recommend the fiscal court prepare and submit a SEFA to the DLG along with the fourth quarter financial report. We also recommend the fiscal court implement procedures to ensure management is aware of all the reporting requirements.

## County Officials Response

*County Judge/Executive's Response: The Fulton County Fiscal Court will implement procedures to ensure that a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) is prepared annually. All federal expenditures will be tracked throughout the year to ensure proper reporting.*

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

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