Graves 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 Graves 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 Graves 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 Graves County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Graves County Fiscal Court lacks adequate internal controls over disbursements. Of the 54 disbursements tested, 21 invoices totaling $4,334,955 had purchase orders that were not authorized until after the expenses had already been incurred, and six invoices totaling $830,868 were not paid within 30 days as required. Furthermore, the bid process was not followed on the county's vehicle fleet lease agreement.

Recommendations

We recommend the Graves County Fiscal Court strengthen internal controls over disbursements by requiring that purchase orders be issued prior to all purchases being made, and ensure all expenditures be paid timely. We further recommend that the county follow the county's and state's bidding requirements for all expenditures over the bid threshold.

County Officials Response

County Judge/Executive's Response: Graves County Fiscal Court is continuing to improve on our Purchase Order System, disbursements, receipts and overall day to day operations to help minimize any problems for the future.

Finding: The Graves County Fiscal Court Did Not Properly Account For And Report Debt Service Obligations

This is a repeat finding and was included in the prior year audit report as finding 2024-005. The Graves County Fiscal Court did not properly account for and report debt service obligations on the quarterly financial reports. During the fiscal year, the county entered into two new financing agreements, totaling $362,937. However, the county failed to account for the financing proceeds and the purchase of new capital assets within the county's budget. The county did not budget and record $58,879 of debt service payments in the proper account codes. Also, as of June 30, 2025, the county reported $478,175 of outstanding debt; however, the confirmed principal balance was $388,694. Also, the county omitted all outstanding interest from the Schedule of Liabilities.

Recommendations

We recommend the Graves County Fiscal Court strengthen internal controls over the reporting of debt service. Internal controls, such as the review of account codes used for debt service payments, recording new financing arrangements, review debt schedules and the debt liabilities section of the quarterly

financial statements to ensure all outstanding principal and interest are properly accounted for and accurately reported.

County Officials Response

County Judge/Executive's Response: The County Treasurer will review all contracts and correct accounting codes of debt service payments.

Finding: The Graves County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases

This is a repeat finding and was included in the prior year audit report as finding 2024-003. The Graves County Fiscal Court leases assets from various vendors. While the county maintained a schedule of leases, the schedule was not complete and accurate as it excluded eight lease agreements and erroneously included three lease agreements.

Recommendations

We recommend the Graves County Fiscal Court maintain a complete schedule of all leases and follow the standards set forth by GASB 87 to ensure note disclosures are complete and accurate.

County Officials Response

County Judge/Executive's Response: The Graves County Treasurer and Finance Officer are working diligently to ensure all schedule of leases are reported properly.

Finding: The Graves County Fiscal Court Did Not Properly Classify Grant Funds

The Graves County Fiscal Court received $644,335 in grant funds during the fiscal year that were posted as miscellaneous receipts instead of grant funds under the intergovernmental revenues category.

Recommendations

We recommend the fiscal court properly record all funds received by state agencies in the Intergovernmental Revenue category.

County Officials Response

County Judge/Executive's Response: The County Treasurer has corrected the revenue code for the Intergovernmental Revenue we receive moving forward.

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