Auditor of Public Accounts Allison Ball

Lewis County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Lewis 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 Lewis 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 Lewis County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget

This is a repeat finding and was included in the prior year audit report as finding 2023-003. During the year, the county entered into a debt agreement to purchase trucks for the road department for a cost of $533,448. These funds did not flow through the county's financial reporting system and therefore that activity was not recorded on the county's receipts and disbursements as required. As a result, the fiscal court failed to properly budget for the debt-related receipts and disbursements in the Road Fund. Failing to account for this activity resulted in $558,953 of appropriations in excess of budget appropriations in the Road Fund – Debt Service category. Management was unaware that financing obligation proceeds and activity must be shown on the financial statement and budgeted, even when the county does not receive the proceeds. Omission of this activity on the fourth quarter financial report resulted in county appropriations exceeding the approved budget.

Recommendations

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements.

County Officials Response

County Judge/Executive's Response: This is an oversight. Making a procedure on internal controls for reporting debt services. This has been corrected in the June 30, 2026 fiscal year audit.

Finding: The Lewis County Fiscal Court Failed To Properly Approve All Disbursements

The fiscal court issued purchase orders dated after the invoice date for 30 of the 51 expenditures tested totaling $1,418,577. A lack of understanding by management and lack of internal controls over purchasing contributed to the county issuing purchase orders after the date of purchase.

Recommendations

We recommend the fiscal court comply with DLG's requirements by issuing purchase orders on all disbursements, strengthen controls over recording transactions to ensure proper posting to accounts, and better document the payment of invoices as required by state law.

County Officials Response

County Judge/Executive's Response: This was due to not receiving invoices in a timely manner. We have implemented a procedure in place to correct this finding.

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

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