



**Auditor of
Public Accounts
Allison Ball**

Meade County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Meade 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 Meade 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: Lacks adequate controls over the payroll process.

The Meade County Fiscal Court does not have adequate controls over the payroll process. The following exceptions were noted during testing:

- Per the review of the fiscal court meeting minutes, the salary schedule was not presented or approved by the fiscal court.
- Employee raises were not presented and approved by the fiscal court or documented in the fiscal court meeting minutes.
- Three employees who worked a holiday, reported excess of forty hours worked per timesheet, and did not earn the accurate comp time per the county's personnel policies manual. These were employees from the road and dispatch departments and their hours worked on a holiday did go toward their work week, which does not agree with the county's personnel manual. Auditors were told that there is an exception to this policy for road department employees, but it is not noted in the manual.

Recommendations

We recommend the Meade County Fiscal Court comply with the above statutes by requiring that all meetings that include discussions of any public business are recorded, are done so in a public fiscal court meeting, and all documents that require fiscal court approval per the Department for Local Government are documented in the fiscal court minutes. In addition, the fiscal court should comply with the county's personnel manual that has been adopted by fiscal court and any exceptions to the policy should be noted in writing and included in the manual. The county should also contact the Kentucky Labor Cabinet to ensure that all time worked is being properly documented in accordance with the Kentucky Labor Laws.

County Officials Response

County Judge/Executive's Response: A comprehensive review of payroll procedures was conducted, and on June 10, 2025 the Fiscal Court formally approved a new Personnel Policy, which will go into effect on July 1, 2025. This updated policy includes strengthened internal controls, clearer procedures for timekeeping, approvals, and payroll processing and outlines accountability measures to ensure compliance.

Finding: Failed to properly budget funds for fiscal year 2024.

The Meade County Fiscal Court did not have adequate internal control procedures in place to ensure proper budgeting and the following issues were noted:

- The Meade County Fiscal Court failed to properly budget the Opioid Fund, which had receipts of \$297,193 and total expenditures of \$10,000.
- The fiscal court had the following funds with appropriations that exceeded the approved budget:
 - General Fund (Capital Projects) - \$2,900,000
 - LGEA Fund (Debt Service) - \$85,251
 - Federal Grants Fund (General Health and Sanitation) - \$7,290
 - Solid Waste Fund (General Health and Sanitation) - \$748,268

Recommendations

We recommend the Meade County Fiscal Court budget the required funds and prepare budget amendments as required by KRS 68.280.

County Officials Response

County Judge/Executive's Response: The Meade County Fiscal Court was aware of the establishment of the opioid settlement fund; however, it was an oversight on my part not to initiate a budget amendment to reflect the new account during the fiscal year. This issue has been corrected, and the opioid fund was properly included in the budget for fiscal year 2025.

Finding: Did not accurately account for debt on the fourth quarter financial statement.

The fiscal court did not account for debt under the accurate disbursement account codes on the fourth quarter financial statement and the schedule of liabilities did not accurately reflect all debt and the accurate balances. As a result, several adjustments were needed to ensure disbursements were posted accurately. As a result, the LGEA Fund, debt service category exceeded the budgeted appropriations in the amount of \$85,251. In addition, the fiscal court borrowed money in the amount of \$266,751, for the purchase of four ambulance vehicles and failed to post the total amount to the receipts ledger for the borrowed funds.

Recommendations

We recommend the fiscal court ensure that all disbursements are accurately coded and recorded on the county's quarterly report including the schedule of liabilities and all debt proceeds are properly accounted for in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

County Officials Response

County Judge/Executive's Response: I acknowledge the omission of the newly acquired debt from the FY24 fourth quarter financial statement. The purchase was made in June 2024; however, the repayment schedule did not begin until July 2024. Due to an oversight, the debt was not reflected on the FY24 Q4 report. This has since been corrected and properly included in the Fiscal Year 2025 financial records.

Finding: Did not maintain proper documentation for the state price contract purchases or follow proper procedures for obtaining bids.

The Meade County Fiscal Court purchased a vehicle that exceeded the \$40,000 threshold with a state price contract for a payment totaling \$41,522 to Ray's Ford. However, there was no documentation maintained by fiscal court to verify the master agreement number used was accurate and the price paid was at a state price amount. In addition, there were two expenditures exceeding \$40,000 that did not follow proper procedures and were not properly documented in fiscal court minutes. One was not advertised for bids and the accepted bid was not documented as approved in the fiscal court minutes. Another was advertised for bid however, there was no approval of the bid advertisement or approval of the accepted bid in the fiscal court minutes.

Recommendations

We recommend the fiscal court maintain supporting documentation for state price contracts and verify the master agreement number and price paid is accurate based on following state price contract guidelines. We also recommend that fiscal court follow proper bid laws and regulations by ensuring all purchases of \$40,000 or more be made in compliance with KRS 45A.343 to 45A.460.

County Officials Response

County Judge/Executive's Response: I acknowledge the finding regarding documentation for state price contract purchases and bidding procedures. While purchases were made with cost and compliance in mind, we recognize that proper documentation was not maintained to reflect adherence to the Model Procurement Code. Moving forward, I will ensure that any purchase involving a vendor not listed on the state price contract, calls will be made to vendors on the state contract to obtain a description and price. This information will be documented and used to verify local vendors.

Finding: Failed to obtain fiscal court approval prior to entering into contracts and spent county funds without fiscal court approval in accordance with KRS 68.020 and KRS 441.225.

In January 2022, the jailer entered into a contract with a telecommunications vendor to provide inmate telephone services without fiscal court approval. In addition, the jailer also entered into an agreement for food services dated January 2023, and another agreement with the same company for commissary purchases, dated January 2021, that were also not approved by the fiscal court.

Recommendations

We recommend items ordered by the jailer and charged to the tech grant, after obtaining the fiscal court's approval, be paid from the fiscal court's Jail Fund. The county treasurer should then submit a reimbursement request to the tech grant vendor and deposit the receipts to the fiscal court's Jail Fund. We further recommend the jailer obtain fiscal court approval for any contracts related to jail operations before signing and engaging in those contract activities.

County Officials Response

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

Jailer's Response: The jail purchased a vehicle using a tech grant from our current phone provider. The phone provider required a copy of the invoice to validate the purchase before releasing the funds. I emailed a copy of the vehicle invoice to the phone company, and they issued a check to [car dealership name redacted] instead of Fiscal Court. This was simply an error made by our phone provider.

Finding: Did not have adequate controls over jail commissary fuel purchases.

The Meade County Jail did not have adequate controls over jail commissary bulk fuel purchases. During testing, auditors noted that fuel invoices did have an attached fuel log, but individual fuel receipts were not maintained. The fuel log was not sufficient in detail that would support the fuel being used. There was no documentation to show the number of gallons of fuel remaining in the tank after a usage, which would support the invoice paid. It was also noted that vehicles using the fuel tank were also shown on the gas card for fuel purchases, and one entry on the fuel log was noted for a transport. The gas cards are paid by the Jail Fund and should be for transport purposes, and the fuel tank is paid for with commissary funds and should be used for the benefit of the inmates.

Recommendations

We recommend the jailer ensure controls are implemented for fuel purchases and documentation is maintained to support the disbursement. The fuel log should be detailed that would support the gallons used agrees to the gallons purchased from the vender. Supporting documentation should include, but not be limited to, the employee using the fuel, purpose of the travel or other use of the fuel, documentation of the vehicle or equipment used, and mileage, when applicable. Individual receipts should also be maintained, if applicable. This reconciliation should be completed and reviewed by someone independent of the reconciliation function prior to payment. The jailer should ensure that documentation of this reconciliation and an independent review is maintained.

County Officials Response

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

Jailer's Response: The jail installed a bulk fuel tank located behind the jail to save time and money from jail staff and inmates stopping at the local gas station. The fuel we purchase is ethanol free fuel which is proven to be more efficient in small engines. The jail created a written fuel log to keep up with fuel used. During the recent audit we were told this log is not an efficient way to track fuel usage. It was recommended that we could create an excel spreadsheet to record our fuel usage, but I don't feel like having one person in the front office who never uses the fuel pump should create and maintain a fuel log on an excel spreadsheet. It think this opens the door for waste, fraud, and abuse. Another recommendation was installing some type of fuel metering device to monitor the fuel more efficiently. I don't feel like this would be cost effective for the jail considering the small amount of fuel we use every year. When the remainder of the fuel in our onsite tank is used we will discontinue the use of onsite fuel and begin using [vendor name redacted] fuel cards for all vehicle fuel.

Auditors Reply: Per state law, all jail expenditures should be made in accordance with the budget approved by fiscal court, and the expenditures should be approved and paid by fiscal court as all other county fund expenditures are handled. If a vendor wants to pay for or reimburse the jail for a jail expenditure, the vendor should submit the reimbursement receipt to the jailer or treasurer for receipt in the Jail Fund.

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

