



**Auditor of
Public Accounts
Allison Ball**

Metcalfe County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Metcalfe 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 Metcalfe 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: Did not have internal controls over the fiscal court's financial statement.

During the year ending June 30, 2024, the fiscal court failed to post the activity to the ledgers and fourth quarter financial report. The following posting mistakes were noted:

- The disbursement of the general fund of \$446,500 to the county owned nursing home for the roof and sprinkler project was recorded to a debt service category instead of a capital projects category.
- Wages of the jail fund for August 2023 to June 2024 in amount of \$8,800 for one deputy transportation officer were not recorded to the appropriation ledger and the quarterly financial report.
- All activity of the courthouse construction fund was not recorded on the ledgers and the quarterly financial report. Interest earned of \$754 was not recorded, and the prior year carryover was recorded as \$68 over book balance.
- Original budgeted disbursements recorded in the original budget column on quarterly financial report were \$486,200 more than the approved original budget.
- Original budgeted transfers out recorded in the original budget column on quarterly financial report were \$36,786 more than the approved original budget.
- Budget transfers of \$29,259 approved by the fiscal court on May 23, 2024, and June 13, 2024, were not posted to the appropriations ledger and quarterly financial report.

Recommendations

We recommend the fiscal court implement controls to ensure all financial and budget activity 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: Due to the previous Finance Officer leaving her position unexpectedly, the County Treasurer was unaware of the need to record the total amount of debt proceeds and their related activity on the quarterly financial statements since those funds were received and spent by a third party. The former Finance Officer handled the budget transfers and the posting of them to the appropriate ledgers and reports. The County Treasurer and the new Finance Officer will work together to post the correct items to the financial statements moving forward.

Finding: Did not have strong internal controls over handling of disbursements.

During disbursements testing, the following exceptions were noted:

- One out of 55 disbursements tested did not have adequate supporting documentation in the amount of \$149. It could not be determined if the disbursement was a valid obligation of the fiscal court at the time of payment due to the missing invoice.
- Thirty-seven out of the 55 disbursements tested had purchase orders issued after the invoice date for invoices totaling \$833,803.
- One out of 55 disbursements tested exceeded the available line item appropriation budget by \$11,378.
- The fiscal court overspent 19 disbursement line items by a total of \$557,716.22. In addition, the Budgetary Comparison Schedules show the fiscal court was over budget in five categories by \$463,162.
- 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.

County Officials Response

County Judge/Executive's Response: Due to the previous Finance Officer resigning without leaving instructions on how she issued the purchase orders or how she obtained and posted budget transfers and budget amendments, the County Treasurer was unsure how to complete those items correctly. We have since hired a new Finance Officer; she and the County Treasurer are working diligently to correct the processes for the next Fiscal Year.

Finding: Did not accurately report debt on the fourth quarter financial statement liabilities schedule.

The fiscal court did not have controls in place to ensure that debt obligations were properly reported on the fourth quarterly report. By not accurately reporting debt, the county is not in compliance with KRS 68.210. In addition, the fiscal court does not have accurate information for future financial decisions.

Recommendations

We recommend the fiscal court ensure the correct debt liabilities are shown on the liabilities page of all financial statements presented to the fiscal court and the Department for Local Government.

County Officials Response

County Judge/Executive's Response: The Metcalfe County Fiscal Court paid off some of the debts listed on the Liabilities Schedule and those debts were not removed from the listing. The Treasurer and Finance Officer will make sure those debts are removed, and the correct debts are listed in the future.

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

