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, 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 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: The Metcalfe County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Statement

This is a repeat finding and was included in the prior year audit report as finding 2024-001. During the year ending June 30, 2025, the fiscal court failed to post activity to the ledgers and fourth quarterly financial report. The following posting mistakes were noted:

• All activity of the Courthouse Construction Fund was not recorded on the ledgers and on the quarterly financial report. Interest earned of $862 was not recorded and prior year carryover was understated by $687.

• Original budgeted receipts recorded in the original budget column on the quarterly financial report were $40,500 more than the approved original budget.

• Insurance reimbursement receipts of $16,152 received by the Disaster and Emergency Services (DES) Fund was misclassified as intergovernmental revenues miscellaneous payments instead of classified as miscellaneous revenues reimbursement.

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 and the Finance Officer are still trying to learn everything that is to be included on the Financial Statement. This is a work in progress in understanding what all is to be posted to the Financial Statement. The Treasurer and Finance Officer continue to work with the auditors in correcting this finding.

Finding: The Metcalfe County Fiscal Court Did Not Have Strong Internal Controls Over Handling Of Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-002. During disbursement testing, the following exceptions were noted:

• Seventy-six out of 89 disbursements tested had purchase orders issued after the invoice date for invoices and totaled $2,960,592.

• Five out of 89 disbursements tested did not have detailed supporting documentation invoices and totaled $793,002.

• Encumbrances were reported on the fourth quarter financial report, but the fiscal court is not maintaining a list of encumbrances to support the encumbrances listed.

• One invoice out of 89 disbursements tested had a check in the amount of $8,580 only had one signature instead of two.

• $31,500 was disbursed to one company for the North Metcalfe tower project without properly advertising for bids.

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements and ensure all checks are signed by both the county judge/executive and county treasurer.

County Officials Response

County Judge/Executive's Response: Due to the previous Finance Officer resigning without notice, the County Treasurer and the new Finance Officer are continuously learning how the purchase orders are issued. They have instructed all departments to request a purchase order before any purchases are made. Each department has also been instructed to provide all detailed supporting documentation with each invoice. The County Treasurer and Finance Officer will make every effort to ensure there are two signatures on each check. The North Metcalfe Tower Project was a reimbursement on an insurance claim; therefore, we did not realize it needed to be bid out.

Finding: The Metcalfe County Fiscal Court Failed To Implement Adequate Controls Over Federal Expenditures

The Metcalfe County Fiscal Court failed to implement adequate internal controls over the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – COVID-19 (CDBG-CV) program to ensure all compliance requirements were being met and that record keeping was being done correctly. The fiscal court contracted with a third party that oversaw the planning, design, inspection services, environmental services, and construction administration for the project without any oversight by the fiscal court.

Recommendations

We recommend the Metcalfe County Fiscal Court establish internal controls over the federal expenditure process and ensure all activity related to federal expenditures is reviewed for accuracy and compliance.

County Officials Response

County Judge/Executive's Response: The Metcalfe County Fiscal Court will establish internal controls over the federal expenditure process when a third-party entity is involved to ensure all compliance and recording requirements are met. Although the Metcalfe County Fiscal Court was in compliance with federal requirements when tested by a single audit, having these procedures in place will ensure that all future federal expenditures will remain in compliance.

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

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