



**Auditor of  
Public Accounts  
Allison Ball**

# Nicholas County Fiscal Court

## Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Nicholas 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 Nicholas 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: Failed to repay a bank note before the end of the fiscal year and did not notify the state local debt officer in writing.**

In February 2024, the fiscal court entered into a two-year promissory note with a local bank for \$195,000 for governmental operations. Notes are allowable, however, but must be paid off before the end of the fiscal year and the state local debt officer must be notified in writing. The county failed to repay the note before June 30 and did not contact the state local debt officer in writing. The county did not realize the note was required to be paid off by the end of the fiscal year and thought they did not need to notify the Department for Local Government in writing since the agreement was for less than \$200,000.

### **Recommendations**

We recommend when entering into bank loans like these, the county follows KRS 65.7707 and pay the proceeds off before the end of the fiscal year as required. Furthermore, the county should follow KRS 65.117 by submitting the Notice of Intent to Finance/Application for Debt Approval (SLDA-1) form prior to entering into any financing arrangements.

### **County Officials Response**

*County Judge/Executive's Response: Since this loan was under \$195,000, we did not notify DLG. We did discuss it with them and were not made aware of the fact that a revolving loan had to be paid back in the fiscal year. We have since converted it into a regular loan. Going forward, we will remember that revolving loans must be paid back in the fiscal year they are in.*

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

