



**Auditor of
Public Accounts
Allison Ball**

Robertson County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Robertson 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 Robertson 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: General fund owes the road fund \$48,150.

During fiscal year 2009, the fiscal court transferred funds from the Road Fund to the General Fund in excess of the amount allowable according to the road fund cost allocation worksheet. The overage was \$96,500. The county was to return the excess amount back to the Road Fund from the General Fund. Due to cash flow constraints, the county has been making payments each year from the General Fund to the Road Fund to try and reduce the amount owed. During fiscal year 2023, the county did not make a payment to the Road Fund. The outstanding liability amount was \$48,150 as of June 30, 2024.

Recommendations

We recommend the General Fund repay the Road Fund \$48,150.

County Officials Response

County Judge/Executive's Response: The General Fund will continue to make payments to the Road Fund until the balance is paid.

Finding: Failed to implement adequate internal controls regarding oversight and financial reporting.

The fiscal court and management failed to maintain adequate oversight and financial reporting during fiscal year 2024 resulting in the following issues:

- The Special ARPA Fund original budget amount of \$202,239 shown on the fourth quarter financial statement was not actually included on the approved original budget.
- The approved budgets of the Document Fees Fund and Special ARPA Fund did not agree to the original budget reported on the fourth quarter report. Transfers between funds were not completed correctly.
- Reserve for transfer in the General Fund on the fourth quarter report is negative \$219,287.
- Reserve for transfer in the Jail Fund on the fourth quarter report is negative \$7,817.

- The budget amendment on the fourth quarter report for the Road Fund for \$33,401 was not presented or approved by the fiscal court.

Recommendations

We recommend the fiscal court and management strengthen internal controls over financial reporting by providing strong oversight and review process to ensure all financial activity is complete and accurate and is properly recorded and classified. Procedures should also be implemented to ensure compliance with applicable statutes, regulations, and policies.

County Officials Response

County Judge/Executive's Response: A change in the Treasurer's occurred in FY 2024. Much of the FY had to be re-input to correctly represent transactions. Disbursements for the next FY were prior to current FY close out, to prevent late charges. The accounting system does not accommodate this and can cause a negative balance effect, as new encumbrances are created before closeout. Fourth quarter transfers, budgeting, and budget amendments will be completed correctly.

Finding: Had disbursements in excess of budgeted line items and did not budget funds properly.

Two line-item appropriations, one within the General Fund and one within the Jail Fund, were in excess of budgeted amounts. This means the funds were spent from line items that did not have budget available per the appropriation ledger. The General Fund overspent the administration line item by \$161,503. The Jail Fund overspent administration line item by \$7,707 which resulted in the Jail Fund budget being overspent and having a negative fund balance of \$5,107. There was also a budget amendment for the Road Fund included on the fourth quarter that was unapproved and booked to the wrong account code. The Special ARPA Fund was not budgeted in the original budget and a budget amendment was not completed.

Recommendations

We recommend the county strengthen controls over the disbursements process to ensure purchases being made do not cause overspending of a line-item budget amount and that all funds be budgeted in accordance with KRS 68.210 and KRS 68.300. There should be a discussion between the county treasurer and the county judge/executive regarding whether a budget transfer needs to be completed prior to an expense being incurred. Further, we recommend timely budget amendments be submitted for unanticipated receipts.

County Officials Response

County Judge/Executive's Response: A change in the Treasurer's occurred in FY 2024. Much of the FY had to be re-input to correctly represent transactions. Disbursements for the next FY were prior to current FY close out, to prevent late charges. The accounting system does not accommodate this and can cause a negative balance effect, as new encumbrances are created before closeout. Fourth quarter transfers, budgeting, and budget amendments will be completed correctly.

Finding: Did not have strong internal controls over disbursements and procurement processes.

The following exceptions were noted during disbursement testing:

- Four invoices totaling \$36,369 were not presented to the fiscal court before payment.
- The county could not locate bid documents to support a disbursement for road construction totaling \$58,790.

Recommendations

We recommend the fiscal court implement proper internal controls over disbursements, to include making sure bids are obtained for purchases when required and monitor the effectiveness of those controls.

County Officials Response

County Judge/Executive's Response: All purchase orders will be dated/created on or before the invoice date. Bids are requested for each qualifying project.

Finding: Did not approve all transfers or correctly account for transfers.

The Robertson County Fiscal Court did not have all fund transfers approved by the fiscal court before executing the transfer. There was an unauthorized transfer of \$58,790 from the General Fund to the Road Fund. A transfer from the General Fund to the Jail Fund totaling \$5,000 and a transfer from the General Fund to the Road Fund totaling \$33,201 were approved; however, those transfers were not accounted for properly within the accounting system.

Recommendations

We recommend the fiscal court require all interfund transfers be approved by the fiscal court prior to the transfer being made and that the transfers be accurately accounted for within the accounting system.

County Officials Response

County Judge/Executive's Response: Deposits from Road grants were automatically deposited in the general fund. These transfers will be approved prior, going forward.

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

