



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Elliott County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Elliott County Fiscal Court for the fiscal year ended June 30, 2019. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor’s letter to communicate whether the financial statement presents fairly the receipts, disbursements, and changes in fund balances of the Elliott 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 115 of 120 fiscal court audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving internal control over financial operations and reporting.

The audit contains the following comment:

The county’s general fund owes \$212,330 to their restricted funds from prior years' misuse of restricted funds: This is a repeat finding and was included in the prior year audit report as Finding 2018-001. The general fund owes the road fund \$159,679, and the Library Construction Fund \$52,651 from prior years' misuse of restricted funds. Elliott County receives funds from the Kentucky State Treasury restricted for debt service payments on bonds issued to construct the public library. From fiscal years 2011 through 2014 and in Fiscal Year 2016, restricted road and library construction funds were used for purposes other than permitted by law.

The general fund has a cumulative liability to the road fund and library construction fund of \$212,330. The road and library construction funds, in turn, each have a receivable from the general

fund. Under the regulatory basis of accounting, fund balances are not adjusted for the unpaid liability on the financial statement, however the liability is still owed.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's (DLG) County Budget Preparation and State Local Finance Officer Policy Manual. Road funds can only be spent on roads, except for the amount approved by DLG on the Road Cost Allocation Worksheet. Each year from Fiscal Year 2011 through Fiscal Year 2014 and in Fiscal Year 2016, restricted road funds were spent on items in excess of the amount approved by DLG.

We recommend the general fund liability be repaid to the road fund and the library construction fund.

County Judge/Executive's Response: When funds become available the aforementioned liabilities will be repaid.

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

###

The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.

