



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Union County Fiscal Court

FRANKFORT, Ky. – State Auditor Mike Harmon has released the audit of the financial statement of the Union County Fiscal Court for the fiscal year ended June 30, 2020. 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 Union 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:

Internal control deficiencies exist over the reporting of liabilities and debt: Internal control deficiencies exist over the reporting of liabilities and debt of the Union County Fiscal Court. Outstanding debt as of June 30, 2020, reported on the fourth quarter financial report was \$1,064,883 less than the outstanding debt per debt schedules. Due to a lack of oversight, the amount of outstanding debt reported on the fourth quarter financial report was incorrect and does not agree with outstanding debt on the debt schedules.

Strong internal controls over outstanding debt and liabilities are necessary to ensure accurate financial reporting.

We recommend the Union County Fiscal Court strengthen internal controls over the reporting of debt service payments and outstanding balances. Internal controls, such as comparisons of payment amounts and outstanding balances to amortization and payment schedules, should be implemented. We also recommend the county consult with lenders to verify outstanding debt balances are in agreement with the county's schedule of leases and liabilities. Such practices will strengthen internal controls over liabilities and debt service and ensure that the proper amounts are reported.

County Judge/Executive's Response: After the third quarter 2021 and in preparing the 21-22 budget, Treasurer Gibson discovered this balance difference herself. The balance error was corrected prior to the audit exit.

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

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