



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Mason County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Mike Harmon has released the audit of the financial statement of the Mason County Fiscal Court for the fiscal year ended June 30, 2015. 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 Mason 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 the internal control over financial operations and reporting.

The audit contains the following comment:

**Fund transfers were made in excess of the amount approved by the fiscal court.** The treasurer requests pre-approval for fund transfers at the beginning of the fiscal year. During the fiscal year, the treasurer also presents transfers as they are made for fiscal court approval. At the end of the fiscal year, transfers exceeded the approved amounts. There were unauthorized transfers of \$50,000 from the general fund to the road fund, \$100,000 from the general fund to the jail fund, \$75,000 from the general fund to the LGEA fund, and \$25,000 from the general fund to the solid waste fund. This is a total of \$250,000 of unauthorized transfers that occurred without approval by the fiscal court.

The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* states "[a]ll transfers require a court order." This is to ensure the fiscal court is aware of all financial activity that occurs. We recommend all fund transfers be approved by the fiscal court.

*County Judge/Executive's response: This was an oversight. The Fiscal Court was aware of the transfer and it was approved at the following meeting. I will not allow it to happen again.*

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

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