



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Nicholas County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Mike Harmon has released the audit of the financial statement of the Nicholas County Fiscal Court for the fiscal year ended June 30, 2017. 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 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 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 fiscal court did not budget and record the purchase of ambulance equipment:** The fiscal court did not amend their budget for the lease proceeds or the purchase of ambulance equipment.

Lease proceeds, in the amount of \$77,194, were paid directly to the vendor for the purchase, and were not included in the county financial statements as a budgeted disbursement for the fiscal year ended June 30, 2017. The audited financial statement and the general fund budgetary comparison schedule were adjusted to record the financing and purchase.

By not budgeting these items, the fiscal court exceeded budgeted appropriations for the “protection to persons and property” line item by \$71,563, and the general fund in total was overspent by \$19,187.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The Department for Local Government’s *County Budget Preparation and State Local Finance Officer Policy Manual* states all borrowed money received and repaid must be reflected in the county budget. Amendments for unanticipated lease proceeds must appropriate 100 percent of the proceeds for the lease project.

We recommend the fiscal court budget and record all lease proceeds and any related purchases.

*County Judge/Executive’s Response: Future lease proceeds will be added as a budget amendment.*

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

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