



Auditor of Public Accounts  
Allison Ball

**FOR IMMEDIATE RELEASE**

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**Ball Releases Audit of Bourbon County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Bourbon 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 Bourbon 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.

The audit contains the following finding:

**The Bourbon County Fiscal Court did not properly account for debt on the county’s financial statement:** The county entered into a lease for the parks project with lease proceeds totaling \$2,670,000. The county did have the outstanding amount of debt on the liabilities section of their quarterly report but failed to post the total amount on the receipts ledger for the lease proceeds. In addition, the county included prior year issued debt for the sheriff’s vehicles which was not included on the financial statement in the prior year. Furthermore, the county also had prior period debt that was held in escrow for the parks and land project that the county posted to the financial statement in the current year that had already been accounted for in fiscal year 2020. Finally, the county included debt disbursements from a prior period and included a posting to close out the financing proceeds held in escrow for the parks and land project, which was posted twice on the receipts ledger. The quarterly report general fund receipts were understated by \$1,578,552 and expenditures were overstated by \$554,844.

We recommend the county implement controls to ensure all lease transactions are accurately posted on the county’s quarterly report in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

*County Judge/Executive’s Response: Bourbon County Fiscal Court passes a budget amendment for all incurred liabilities creating revenue and expense lines to correspond with the debt. The fiscal court also includes all debt in the liabilities journal. We must pay for project expenses out of the general fund and send copies of those invoices and cleared checks to KACo for reimbursement. Once reimbursement is actually received, we post those receipts. A statement from Department of Local Government is as follows:*

Dana,

In regard to the Audit finding on the reimbursement loan you have taken out, this money should only be receipted when the reimbursement is received by the county.

Page 53 of the Budget Manual Reads, "The uniform system of accounts (USA) requires revenues to be recorded when received in total and expenditures to be recorded at actual cost when paid."

One can argue that in many instances the counties actually work on a modified cash basis, but the budget manual clearly requires a cash basis of accounting according to Page 53.

I hope this helps clear up the matter.

Jaarad W. Taylor,  
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Auditor's Reply: The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires counties to either be on a regulatory basis of accounting or GAAP, not a cash basis. On September 28, 2023, Bourbon County borrowed and received the full amount of \$2,670,000. Instead of being deposited into the county's local bank account, these funds are being held and invested by KACO on the county's behalf and are Bourbon County's funds. Per the DLG Manual, "All borrowed money received and repaid must be reflected in the county budget." Furthermore, during DLG Budget Trainings, officials were instructed that borrowed money is comprised of bond proceeds, lease proceeds and loan proceeds, including funds actually received by the county and funds held by third parties, such as KACO.

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

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