



## Auditor of Public Accounts Allison Ball

**FOR IMMEDIATE RELEASE**

**Contact: Joy Pidgorodetska Markland**  
[Joy.Markland@ky.gov](mailto:Joy.Markland@ky.gov)  
**502.352.5216**  
**502.209.2867**

### **Ball Releases Audit of Martin County Fiscal Court**

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Martin County Fiscal Court for the fiscal year ended June 30, 2023. 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 -- 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 findings:

**The Marin County Fiscal Court failed to implement adequate controls over debt related transactions that resulted in exceeding the approved budget:** During the year, there was a debt instrument where the principal and interest was paid on the county's behalf by another party totaling \$17,283. These transactions were not included in the receipts and disbursements of the county. As a result, the fiscal court failed to properly budget for the debt-related receipts and disbursements in the general fund. Failing to account for this activity resulted in appropriations of \$16,900. Management was unaware that financing obligations proceeds, and activity paid on the county's behalf by a third party must be shown on the financial statement and budgeted, even when the county does not receive the proceeds, or the funds do not flow through the county.

We recommend fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect all receipts and disbursements involving obligations of the county.

*County Judge/Executive's Response: This item was set up by the previous administration. We are going to add the line-item in our upcoming budget and create a journal entry with a debit and credit to show that the liability payment was covered.*

**Th Martin County Fiscal Court did not have effective internal controls, review procedures, and oversight for the budget and reporting processes:** The budget amendments were not properly recorded in the fourth quarter financial report. Also, interfund transfers did not balance and therefore resulted in an unbalanced budget of \$57,000. Furthermore, the county exceeded line-item budget appropriations in several instances.

We recommend the fiscal court implement effective internal controls, oversight, and review procedures to ensure all budgeted amounts reflected on the fourth quarter financial report are complete and accurate and agree to the original budget. We also recommend that necessary line-item transfers be performed as necessary to ensure budget appropriations are available.

*County Judge/Executive's Response: This was an oversight of all the changes in administration. We will make sure all necessary line-item transfers be performed as necessary to ensure budget appropriations are available. We will make sure all budgeted amounts reflected on the fourth quarter financial report are complete and accurate and agree to the original budget.*

**The Martin County Fiscal Court does not have adequate segregation of duties over cash, receipts, and reporting processes:** The county treasurer prepares deposits tickets and posts receipts to the receipt ledger for for all funds without any documented review from an independent party. The occupational tax department receives and deposit receipts for all collections without any documented review from an independent party. The county's financial statement also does not appear to be properly reviewed prior to submission.

We recommend the fiscal court implement segregation of duties over cash, receipts, and the reporting processes. If this is not possible due to a lack of staff, then the fiscal court should implement compensating controls.

*County Judge/Executive's Response: Judge/Executive Secretary logs all checks and monies. After the Treasurer makes the deposits, she will print a report showing the deposits with the deposit slip from the bank on all deposits including the occupational tax deposits for the Secretary to check with her log and sign off on. Also, the Finance Officer will check over it and initial the deposit slip from the bank. The Occupational Tax Administrator also has the Judge/Executive Secretary sign off on her paperwork.*

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.*

