



Auditor of Public Accounts
Allison Ball

FOR IMMEDIATE RELEASE

Contact: Joy Pidgorodetska Markland
Joy.Markland@ky.gov
502.352.5216
502.209.2867

Ball Releases Audit of Webster County Fiscal Court

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

Internal control deficiencies exist over the reporting of leases, liabilities, and debt: The fiscal court maintains a schedule of all leases per GASB Statement 87. However, when comparing the lease summary prepared by the county to lease agreements, receipts ledger, and the disbursements ledger, an overstatement of \$1,937,304 was noted. The fiscal court also reported outstanding debt on the fourth quarter financial report.

We recommend the Webster County Fiscal Court strengthen internal controls to maintain an accurate schedule of all leases set forth by GASB 87 to ensure note disclosures are complete and adequate. We also recommend the fiscal court strengthen internal controls over the reporting of debt service payments and outstanding balances.

County Judge/Executive’s Response: The treasurer will pay more attention to the reporting of the liabilities and debt on the financial statements.

The Webster County Fiscal Court had inadequate controls over disbursements: The following exceptions were noted during a test of disbursements:

- Encumbrances were not reported on the fourth quarter report. Eight out of the ten disbursements tested were encumbrances of FY2023 and should have been included on the encumbrance listing.
- The fiscal court paid late fees and charges of \$117 for credit card purchases tested.
- One credit card charge of \$525 was missing the supporting invoice.
- One August 2022 credit card bill was overpaid by \$151.
- 18 purchase orders totaling \$341,101 were issued after the invoice was received.
- Two invoices totaling \$60,583 were not paid within 30 working days of receipts.

We recommend the Webster County Fiscal Court maintain a list of encumbrances and report them on the fourth quarter report as required by DLG. We also recommend that the Webster County Fiscal Court strengthen their internal controls over purchase orders and ensure that purchase orders are obtained prior to all purchases. We recommend the Webster County Fiscal Court improve procedures over disbursements by ensuring that late fees and finance charges are not paid on credit cards. Finally, we recommend disbursements be paid within 30 working days of receipt.

County Judge/Executive’s Response: We will be more conscious about showing Webster County’s encumbrances on the 4th quarter report and maintaining a list of the encumbrances. The accounts payable clerk will be more cautious about looking for late fees and finance charges and not paying them. We have instructed all departments to get a purchase

order before ordering or buying anything for Webster County Fiscal Court. Also, we have discussed with the departments about the invoices being sent in and aid in a timely manner that way they are paid within 30 days of received.

Internal control deficiencies and noncompliance exist over the collection of receipts at off-site locations: Several findings were noted with Webster County Fiscal Court's collection of receipts at off-site locations. The auditor's noted a receipts ledger was not maintained at the road department, animal shelter, or senior citizens center. Additionally, there were no reviews of the money collected before being turned over to the county treasurer. The receipts collected at the animal shelter and senior citizens center were not turned over to the county treasurer to be deposited daily, as required by KRS 68.210. Moreover, the road department's daily checkout sheet did not include collections for road materials.

We recommend the road department, animal shelter, and senior citizens center maintain a receipts ledger documenting all receipts collected at their location. All receipts collected at these locations should be reviewed by someone who did not collect the money nor complete the cash report. We also recommend all receipts collected at the animal shelter and senior citizens center be turned over to the county treasurer daily to be deposited. We also recommend the road department's daily checkout sheet should document all receipts collected at their location for the day and pre-numbered, triplicate receipts are issued for all applicable transactions according to KRS 64.840.

County Judge/Executive's Response: The treasurer has spoke with the Road Department, Animal Shelter, and Senior Center in regards to maintaining receipts ledgers for each office. They are to start making an excel spreadsheet for the money they collected each day. Also they are to have someone beside the preparer of the money to review the report and check for accuracy for all receipts. The Animal Shelter and Senior Center have been told to have their money turned in daily with no exceptions per KRS 68.210. Each department should be using pre-numbered triplicate receipts for transactions.

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.

