

# The Commission's Financial Reviews FY16 – FY21



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# Purpose of this Presentation

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It is the purpose of this presentation to bring the LFUCG Urban County Council up-to-date on the Lexington Human Rights Commission's financial review delinquency.

# How did we get here?

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- \* 2009 unprecedented financial situation.
- \* LFUCG internal audit (draft report May 26, 2010).
- \* 2011 auditor Natalie Barrett, appointed to the board and could no longer serve as our auditor. Recommended Doug Allen.
- \* July 8, 2012 entered into engagement letter with Doug Allen– Allen and Company. Mr. Allen was supposed to get HRC current with audits. From 2012 until 2018, only provided us with three audits. Mr. Allen was a much cheaper alternative and had much of the information from us at this point.
- \* August 2, 2018 – Doug Allen told to submit FY 2013 audit or he would be reported to State Board of Accountancy. FY 2013 audit submitted on December 17, 2018.

# How did we get here (continued)

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- \* August 2018, board chose Blue and Company as new auditor.
- \* October 2, 2018 – agreement with Blue and Company for FY 2014 audit.
- \* November 2020 FY 2014 audit was reported to our full Commission with no changes or concerns (this time spanned pandemic with office had limited in-office operation). July 28, 2022, FY 15 audit completed.
- \* At this time, HRC doing full audits at a cost of \$15,000 per audit. We typically had two audits budgeted to be completed per fiscal year. Much like a credit card, only paying minimum balance is not going to get you caught up.

# Timeline of Getting Caught Up

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March 22, 2022 – Letter from Theresa Reynolds regarding Community Development Block Grant review – lack of financial statements.

April 7, 2022 – E-mail from Charlie Lanter asking HRC for explanation of why the most recent financial statement was from six years ago.

April 11, 2022 – Memo to Charlie Lanter detailing reasons for audit delinquency.

April 26, 2022 – Letter from Charlie Lanter requiring HRC to bring financial statements current through FY 2021 no later than June 30, 2023.

May 5, 2022 – E-mail from Blue and Company with outline of two cost proposals for two different audit options.

May 5, 2022 – Letter to Charlie Lanter asking for clarification of what type of audit is required of HRC.

# Timeline (continued)

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May 11, 2022 – E-mail from Charlie Lanter stating that HRC is not subject to full single audit requirement, just need financial statements for each year approved by the board. HRC engages Blue and Company for services to get caught up.

January 19, 2023 – E-mail from Charlie Lanter regarding update on financial reviews.

January 24, 2023 – E-mail to Charlie Lanter informing him Blue and Company determined it would be easier and more efficient to complete all reviews at once, will submit them before June 30, 2023 deadline.

March 15, 2023 – HRC had meeting with “pre-link” group regarding FY24 budget request. Asked about status of financial reviews and gave update. Sally Hamilton requested HRC to get letter from auditor asking exactly what was being done, expected results and if reviews will be completed by deadline.

March 16, 2023 – Letter from Blue and Company forwarded to LFUCG per request.

May 30, 2023 – Draft financial reviews received and reviewed with auditor.

June 7, 2023 – Final draft of financial reviews received from Blue and Company.

June 19, 2023 – Regular meeting date for HRC board – Commission holiday (Juneteenth).

June 26, 2023 – Final draft of financial reviews approved by the board.

June 27, 2023 – Final draft of financial reports submitted to LFUCG.

# Financial Audit Review Structure

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1. Report by Auditor
2. Summary of Significant Accounting Policies
3. Cash
4. Interfund Transfers
5. Operating Leases
6. Retirement Plans
7. Post-Employment Health Care Benefits
8. Commitment and Contingencies
9. Concentrations

# Financial Audit Review Structure

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10. Subsequent Events

**11. Report on Internal Control over Financial Reporting**

**12. Report on Compliance and Other Matters**

**13. Summary of Auditor's Results**



# \*FY 2016 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

# \*FY 2017 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

# \*FY 2018 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

# \*FY 2019 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

# \*FY 2020 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

# \*FY 2021 Financial Statement

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## **Report on Internal Control Over Financial Reporting**

Did not find material weaknesses or significant deficiencies.

## **Report on Compliance and Other Matters**

No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Summary of Auditor's Results**

No instances of noncompliance which are material to the Commission's statement of cash receipts and disbursements.

\* Financial statements have not been finalized through a final vote of the HRC board as of the deadline for this presentation.

# Moving Forward

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FY 2022 and FY 2023 will commence after July 1, 2023. Once FY 2023 financial audit is complete, the HRC will be completely current.



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