



**Auditor of
Public Accounts
Allison Ball**

Caldwell County Fiscal Court

Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Caldwell County Fiscal Court for the fiscal year ended June 30, 2025. 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 Caldwell 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.

Finding: The Caldwell County Jailer Failed To Implement Sufficient Internal Controls Over The Accounting And Financial Reporting Functions Of The Commissary Fund Resulting In Misappropriation And Misstatement

The Caldwell County Jailer failed to establish adequate segregation of duties and implement sufficient internal controls over the commissary fund. As a result, a jail deputy misappropriated \$13,720 of commissary funds.

Recommendations

We recommend the Caldwell County Jailer implement internal control policies and procedures sufficient to ensure complete and accurate financial records are maintained. Also, due to the severity and nature of this finding, it will be referred to the Office of the Attorney General.

County Officials Response

Acting Jailer Don Weedman's Response: In regard to the Caldwell County Jail Commissary Fund functions, the deficiencies pointed out are being addressed immediately. Several deficiencies have already been addressed by the accounting software implemented on May 1, 2025. This system when properly used will allow for the accurate reconciliation of monthly reports in a timely manner.

From this, (1) the Trustee account and the Fee account can be and will be reported separately. (2) Monies relating to the Commissary Fund will be deposited daily using numbered deposit forms. In the event there is no money to deposit for the day a deposit form indicating zero money deposited will be filled out and properly filed. (3) Commissary deposits will be made Monday through Friday with the exception of holidays and weekends which will be made the next business day. (4) Receipts will be numbered and used in sequence. If a receipt has to be voided, such void will be noted in the sequential numbering use. (5) The deposits will be checked by a second party to verify the deposited amount.

Disbursements will no longer be made by debit card. Disbursements will be made by credit card or check. Payments will be initialed by a second party who reviews the disbursement. Disbursements will be paid within 30 days of receipt of the invoices.

The monthly bank statement will be reconciled with 10 days of receipt.

The Receipts Ledger and Purchase Ledger will be reconciled within 10 days of the end of each month.

These procedures will be entered in the Caldwell County Jail Policy and Procedure Manual to be effective immediately.

Finding: The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Caldwell County Fiscal Court does not have adequate internal controls over disbursements resulting in the following deficiencies and non-compliances:

- The purchase order system is not functioning as designed. We tested 34 transactions totaling \$5,540,048, and noted the following:
 - Purchase orders were not issued for one disbursement totaling \$72,293.
 - Purchase orders for three disbursements totaling \$266,820 were not issued until after the expenses had already been incurred and the invoices received.
 - Purchase orders for four disbursements totaling \$1,034,768 were not dated.
- Two disbursements totaling \$314,438 were not paid within 30 working days.
- Five disbursements totaling \$22,420 were not recorded on the fourth quarter financial statement as encumbrances.
- The fiscal court obtained vehicles totaling \$84,616 using the state contract pricing; however, it did not obtain 3 quotes in accordance with the master agreement contract.

Recommendations

We recommend the Caldwell County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to purchases being made. We further recommend the fiscal court pay all invoices within 30 working days of receipt. We recommend the fiscal court report all encumbrances on the fourth quarter financial statement. In addition, we recommend that the fiscal court implement controls to ensure the minimum number of quotes are obtained when purchases are made using the Finance and Administration's Cabinet's Master Agreements.

County Officials Response

County Judge Executive Kota Young's Response: Administration has amended operating procedures to ensure full compliance with state purchasing requirements and county policies.

Finding: The Fiscal Court Did Not Properly Classify Disaster Reimbursements

The fiscal court did not properly classify \$1,036,738 of federal disaster reimbursements. During the fiscal year, the county received reimbursements from FEMA for a disaster event from May 2024. The fiscal court posted these funds as Miscellaneous Reimbursements budget code 4727 instead of Federal Reimbursements budget code 4503.

Recommendations

We recommend the fiscal court properly budget and account for receipts as prescribed by the state local finance officer.

County Officials Response

County Judge Executive Kota Young's Response: Any future federal disaster reimbursements will be posted to budget code 4503.

Finding: The Caldwell County Fiscal Court Does Not Have Adequate Internal Controls Over Receipts Collected At The Animal Shelter

The fiscal court does not have adequate controls over receipts collected at the animal shelter. Cash and checks are collected from customers at the animal shelter for pet adoptions, owner releases and reclaims, and donations. However, the shelter does not prepare a daily receipts log, issue pre-numbered receipts to the customers, or perform daily checkout procedures.

Recommendations

We recommend the Caldwell County Fiscal Court implement internal controls over receipts collected at the animal shelter by requiring receipts be issued in triplicate in accordance with KRS 64.840. We further recommend the fiscal court require the shelter to perform daily checkout procedures and require checkout sheets to be turned over to the county treasurer daily.

County Officials Response

County Judge Executive Kota Young's Response: Administration has amended operating procedures to require receipts be issued in triplicate, and to require daily turnover of monies received to Treasurer.

Finding: The Caldwell County Fiscal Court Transferred Restricted Road Funds Without Proper Documentation

During fiscal year ending June 30, 2025, the Caldwell County Fiscal Court transferred \$900,000 from the General Fund to the Road Fund. On June 24, 2025, the fiscal court transferred \$1,199,000 from the Road Fund to the General Fund, which was an overpayment of \$299,000. There was no documentation of a Road Fund Cost Allocation Worksheet nor was there documentation of a review of other potentially unrestricted Road Fund receipts performed prior to the excess transferred to the General Fund from the Road Fund.

Recommendations

We recommend the fiscal court enlist the county attorney to determine how much of the excess transfer is due back to the Road Fund. In the future, the fiscal court should properly complete the Road Fund Cost Allocation Worksheet during the budget process. We also recommend the county establish and implement internal controls over interfund transfers, including documenting review, approval, and verification of compliance with state statutes before any transfer of restricted funds is approved.

County Officials Response

County Judge Executive Kota Young's Response: The FY 26 budget included a budgeted transfer of \$1,565,000 from the General Fund to the Road Fund. As of FYE 2026, a total of \$1,905,000 had been transferred from the General Fund to the Road Fund; including \$340,000 in originally unbudgeted, excess transfers, exceeding the \$299,000 referenced. As mentioned, the FY 25 transfer in question was effectuated to ensure close alignment with FY 26 budgeted prior year cash balance in the Road Fund, made necessary due to the statutory time delay between budget presentation (May 1) and budget effective date (July 1). An alternative approach will be utilized to ensure alignment between budgetary projections and actual cash balances in future FY periods.

Finding: The Caldwell County Fiscal Court Does Not Have Adequate Controls Over Occupational Tax Receipts

The fiscal court did not maintain occupational tax returns during the fiscal year ending June 30, 2025. The fiscal court could not locate two out of 28 occupational tax returns totaling \$23,416. In addition, one company is not paying net profit taxes to the county. Also, deposits for occupational tax receipts were not made timely; some deposits were made up to a week after being received.

Recommendations

We recommend the county maintain proper records related to the collection of occupational taxes. We also recommend the county verify that net profit taxes are collected from all companies required to pay such taxes. All funds received should be deposited timely.

County Officials Response

County Judge Executive Kota Young's Response: Administration has restructured personnel to ensure compliance with documentation and deposit procedures.

Finding: The Schedule Of Expenditures Of Federal Awards (SEFA) Was Misstated

The county's Schedule of Expenditures of Federal Awards was misstated by \$248,074. The county reported federal expenditures of \$2,059,286 for fiscal year 2025. However, based on examination of federal grant programs, the county expended \$1,839,900 on federal expenditures during the fiscal year. The amount reported for the Emergency Management Performance Grant was understated by \$14,344 while the amounts reported for FEMA projects included state funding of \$159,048 and \$74,682 of federal expenditures related to the fiscal year 2026.

Recommendations

We recommend that the county implement effective internal controls over reporting expenditures of federal awards to ensure amounts reported on the SEFA represent actual federal awards expended during the corresponding fiscal year in accordance with 2 CFR 200.510(b).

County Officials Response

County Judge Executive Kota Young's Response: Administration has amended procedures to ensure full compliance with state reporting requirements.

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

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