



**Auditor of  
Public Accounts  
Allison Ball**

# Hancock County Fiscal Court

## Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Hancock 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 Hancock 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 fiscal court lacks internal controls over disbursements**

Auditors noted the following control deficiencies:

- Thirteen disbursements totaling \$3,502,756 were noted in which the purchase orders were not issued until after the expenses had been incurred.
- One disbursement totaling \$83,953 was not properly advertised for bid.
- Encumbrances were not properly reported on the fourth quarter financial statement.

The fiscal court failed to establish appropriate internal controls over issuance of purchase orders. Also, the disbursement in question was not advertised for bid due to the use of a master agreement not approved on the Kentucky Office of Procurement Services master agreements listing. In addition, according to the county treasurer, purchase orders for expenditures made at year-end were dated July 1 due to issues in previous years when transitioning to a new fiscal year.

### **Recommendations**

We recommend the fiscal court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We also recommend the fiscal court implement internal controls to ensure all purchases of more than \$40,000 have been properly procured. Additionally, we recommend the fiscal court ensure that encumbrances are properly reported on the fourth quarter financial statement.

### **County Officials Response**

*County Judge/Executive's Response: We will monitor this more closely.*

### **Finding: The fiscal court failed to implement sufficient internal controls over their service organization's collection of ambulance receipts**

The fiscal court failed to oversee the ambulance billing service organization that handles all of the billing and receipt collections for the Hancock County Ambulance Service. In the fiscal year ended June 30, 2024, the amount of ambulance receipts reported on the quarterly report was \$335,372. There was no documented review performed by the Hancock County EMA Director of the service organization's billing and collections to ensure all the Hancock County Ambulance Service runs and collections are accounted for properly.

## Recommendations

We recommend the Hancock County Fiscal Court implement internal controls to ensure that documented reconciliations of ambulance runs to the monthly invoices received from the service organization are performed and maintained by the Hancock County EMA Director to ensure the fiscal court is receiving proper compensation for services performed.

## County Officials Response

*County Judge/Executive's Response: Due to the timing of this and the previous audit; a corrective action could not be implemented until the end of FY 2025.*

## Finding: The fiscal court failed to implement adequate controls over receipts

During fiscal year 2024, the Hancock County Fiscal Court had material weaknesses in internal controls and noncompliance over receipts. The following findings were noted regarding Hancock County Fiscal Court's receipts:

- Thirty-three of the 43 occupational tax returns tested totaling \$2,157,363 were not deposited daily. In addition, four net profit tax returns totaling \$18,343 were also not deposited daily.
- Receipts collected at the senior citizen center, animal shelter, and parks and recreation were not deposited daily.
- Pre-numbered receipts were not issued for monies collected at the senior citizens center for meal donations.

## Recommendations

We recommend the Hancock County Fiscal Court implement internal controls over receipts to ensure that all receipts are deposited daily and pre-number receipts are issued for all transactions.

## County Officials Response

*County Judge/Executive's Response: We are aware of this and will focus on making daily deposits when feasible. When not feasible, we will ensure that compensating controls are in place to secure receipts.*

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

