



**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, 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 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 Hancock County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

On October 22, 2024 and February 27, 2025, the Hancock County Fiscal Court entered into two lease agreements with the Kentucky Association of Counties Leasing Trust (KACoLT) for \$194,888 and \$221,379; respectively, for the purchase of two Mack trucks. These lease proceeds were paid directly to the vendors for the purchase of the two Mack trucks. Therefore, these proceeds were not included in the county’s financial statement as budgeted borrowed money or as a budgeted disbursement for fiscal year ended June 30, 2025. This also resulted in the roads budgeted line-item being overspent by \$9,899.

Recommendations

We recommend that the Hancock County Fiscal Court strengthen oversight and internal controls in order to ensure complete and accurate accounting records are maintained, as well as ensuring there is appropriate budget available.

County Officials Response

County Judge/Executive’s Response: In regards to the KACo Leases, these are funds that are not physically “received” or “expended” by the Treasurer through the accounting system. We have reached out to KACo about possibly having the check issued to Hancock County and we would then disperse the funds to the vendor. With this, the transactions in the system will be made on the receipt and expenditure dates.

Finding: The Hancock County Fiscal Court Lacks Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Hancock County Fiscal Court does not have adequate internal controls over disbursements. We tested 31 transactions totaling \$4,623,434, which resulted in the following issues:

- Twenty disbursements totaling \$4,219,036 had a purchase order that was issued after the invoice had been received.
- The fiscal court did not properly advertise for bids prior to entering into a cleaning services contract for the judicial center and annex building, which totaled \$50,500.
- The \$3,200 paid for snow removal did not agree to the accepted bid amount of \$2,325.
- Of the \$2,180 in credit card transactions that were tested, one transaction in the amount of \$16 was missing proper supporting documentation.

Recommendations

We recommend the Hancock County 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 are properly procured, as well as ensure the accepted bid amount is paid to vendors.

County Officials Response

County Judge/Executive's Response: We will strengthen our internal controls for purchase orders and bids and monitor this more closely.

Finding: The Hancock County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts

This is a repeat finding and was included in the prior year audit report as finding 2024-002. The fiscal court failed to oversee the ambulance billing service organization that handles all the billing and receipt collections for the Hancock County Ambulance Service. In the fiscal year ended June 30, 2025, the amount of ambulance receipts reported on the quarterly report was \$362,638. 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: The EMA Director will be required to submit documented reconciliations to the Judge Executive and Treasurer's Offices in a timely manner.

Finding: The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls Over Receipts

This is a repeat finding and was included in the prior year audit report as finding 2024-003. During fiscal year 2025, the Hancock County Fiscal Court had material weaknesses in internal controls and noncompliances over receipts. The following findings were noted regarding Hancock County Fiscal Court's receipts:

- Nineteen of the 42 occupational tax returns tested totaling \$1,735,075 were not deposited daily. In addition, one net profit tax return in the amount of \$52,526 was 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 make the following recommendations to the Hancock County Fiscal Court:

- Implement internal controls over receipts to ensure that all receipts are deposited daily.
- Pre-number receipts are issued for all transactions.

County Officials Response

County Judge/Executive's Response: We acknowledge this finding and will focus on making daily deposits when feasible. When not feasible, we will ensure that compensating controls are in place to secure receipts. Issuing pre-numbered receipts for meal donations that are placed in a donation box at the senior citizens center isn't feasible as we are unaware of who is placing the funds in the donation box. All funds received are brought to the Treasurer's Office where a pre-numbered receipt is then issued for the funds.

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

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