



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

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Ball Releases Audit of Harlan County Fiscal Court

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

The Harlan County Fiscal Court does not have sufficient internal controls over waste removal collections: The fiscal court has failed to implement controls to ensure compliance with requirements of the Solid Waste Franchise Renewal Agreement. The court does not have written agreements with districts for garbage collections, doesn't receive a delinquent list for all outstanding collections, and doesn't receive sufficient documentation of garbage fees collected by all the utility districts. As of June 30, 2024, the fiscal court is aware of at least \$780,000 in accounts receivable for the collection of residential and commercial solid waste throughout the county. Utility districts do not provide monthly collection reports or lists of delinquent residents to the fiscal court. As such, the fiscal court cannot verify the amount of gross residential garbage removal fees collected by the districts or the amount of garbage removal fees remitted to the fiscal court.

We recommend the fiscal court enter into written agreements with the utility districts detailing recordkeeping requirements for waste collections, monthly financial reports, and delinquent listings. When procedures are implemented to create a list of delinquent customers, the fiscal court should provide the listing to the county attorney for potential collection efforts and the company with the solid waste franchise for potential termination of services, as necessary.

County Judge/Executive's Response: From January 2015 through June 30, 2024, over \$13 million has been paid to the fiscal court for garbage service. From the reports that we receive from the districts, this places the county at over a 90% collection rate. We realize we can't truly calculate the collection rate with the information we receive, but we believe this to be in line with other collection services and consider it to be a good collection rate and a tremendous improvement from several years ago when it was below 50%. The court has worked with the County Attorney and the districts to prepare a written agreement and enter into a contract with all districts for garbage collections. Some districts have signed and returned the agreement, while some have not. The court has also been working with the County's District Court in resolving delinquent matters and have been successful in the cases that have been presented to date.

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

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