



**Auditor of
Public Accounts
Allison Ball**

Hart County Fiscal Court Audit

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the Hart 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 Hart 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: Did not approve all cash transfers.

The Hart County Fiscal Court did not authorize and approve all cash transfers prior to the transfers being made. Out of ten cash transfers tested, six transfers totaling \$1,750,637 were not approved by the fiscal court and three cash transfers totaling \$807,916 were made prior to fiscal court approval.

Recommendations

We recommend all cash transfers between funds be approved by fiscal court and approved prior to the transfer being made.

County Officials Response

County Judge/Executive's Response: The transfers in question were budgeted transfers that were approved by the Fiscal court and the Department of Local Government. Transfers were made July 1, 2024, to start the new fiscal year. Since the Hart County Fiscal Court does not meet on the first day of each month, the Fiscal Court will approve the budgeted transfers before July 1 of the new fiscal year. This is a previous year finding that has been corrected as of the fiscal year 2025/2026.

Finding: Lacks adequate controls over disbursements.

Controls over the disbursement process did not operate as intended during fiscal year 2025. Auditors tested 71 operating disbursements paid by check and 65 paid by credit card with the following issues noted:

- Forty-seven disbursements paid by check, totaling \$2,245,577, had purchase orders dated after the invoice date.
- Thirty-four credit card disbursements, totaling \$13,434, had purchase orders dated after the invoice date.
- Five disbursements paid by check, totaling \$166,101, did not have a purchase order issued for invoices.
- Two credit card disbursements, totaling \$4,490, did not have a purchase order issued for invoices.
- Three credit card disbursements, totaling \$1,284, did not agree to the amounts due per the invoices attached.

- Four payments to the credit card companies, totaling \$2,020, were for invoices that had been paid with a credit card that was not held by fiscal court.
- Thirty credit card disbursements had late fees and/or interest charged to them totaling \$582.
- Two credit card disbursements in June and August of 2025, totaling \$4,490, involved credit card fraud that originated outside of the fiscal court and was not caught by the fiscal court's internal controls. Fiscal court disputed the charges with the credit card company and was given credit for the fraudulent charges in September 2025.

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements.

County Officials Response

County Judge/Executive's Response: PO's were issued for part of the purchases, but the approved PO amount was being changed when the invoice was received to match the invoice, which changed the PO date. A process is now in place to issue a PO upon order for an estimated amount, if necessary, and not change the approved PO amount when the invoice is received. Also, disbursements for purchases that had been bid out and approved in court had not had a PO issued, but a process is now in place to issue a PO as soon as court approves a purchase or an order is placed. Credit card charges were being processed and paid based on the preliminary charge to the card rather than waiting for the actual charge on the account. Charges are now only paid when they are recorded on the credit card account. The Finance Officer has online account access to the credit cards and frequently monitors when charges are made, and an accurate invoice is received. Furthermore, the Finance Officer can monitor account activity in real time and print statements rather than waiting on the statement arriving in the mail, which controls being charged late fees/interest.

Finding: Lacks internal controls over payroll.

Internal controls over payroll were not operating as intended during fiscal year 2025. For the pay periods tested, the following control deficiencies were noted:

- Three employees' timesheets were not signed by the county judge/executive or a supervisor, indicating these timesheets were not reviewed and approved.
- One employee recorded 47.25 hours worked on his biweekly timesheet; however, he was paid for 80 hours worked.
- One employee worked overtime but was not paid overtime or given compensatory time for hours worked over 40 in a week.

Recommendations

We recommend the fiscal court improve internal controls over payroll to ensure they are operating effectively.

County Officials Response

County Judge/Executive's Response: All timesheets are reviewed by the Judge/Executive's Secretary and the Human Resource Officer to ensure that all timesheets have been signed by the employee and supervisor. All Supervisors have been advised again that all time sheets are to be reviewed for accuracy and signatures.

Finding: Appropriations budget was materially overstated on the fourth quarter report.

The county treasurer stated that she had to create a new line item for capital projects disbursements from the Grant Fund. When doing so, she entered the budget amendment amount of \$1,500,000 as both the original budget amount and the amount of the budget amendment approved by the fiscal court. The county did not have adequate review and reconciliation procedures in place to verify that the budgeted amounts entered in the accounting system matched the originally approved budget.

Recommendations

We recommend the fiscal court implement effective internal controls, oversight, and review procedures to ensure all budgeted amounts reflected on the fourth quarter financial report are complete and accurate and agree to the original budget and budget amendments.

County Officials Response

County Judge/Executive's Response: When creating an account for a grant that the Hart County Fiscal Court was awarded, the Treasurer mistakenly entered the amount of the grant as the opening amount then also in preparing the Budget Amendment for the grant, entered that amount again, causing it to be overstated.

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



209 St. Clair Street | Frankfort, KY 40601 | 502.564.5841 | www.auditor.ky.gov
