



**Auditor of  
Public Accounts  
Allison Ball**

# Union County Fiscal Court Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Union 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 Union 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: Is not compliant with continuing disclosure requirements.**

The Union County Fiscal Court June 30, 2024 audited financial statements were not reported to the Municipal Securities Rulemaking Board (MSRB) on the February 25, 2025 deadline as required by Continuing Disclosure Requirements (CDR). The county's fiscal year 2024 audit had not been completed as of the fall of 2024.

## **Recommendations**

We recommend the Union County Fiscal Court comply with provisions set forth in the official statement of the general obligation bonds by ensuring audits of county financial information be performed timely. Additionally, the fiscal court should enact internal controls to monitor whether the county is meeting its CDRs.

## **County Officials Response**

*County Judge/Executive's Response: This is a rollover comment from FY 23. FY 22 and 23 audits have been turned into debt agencies as well as 4<sup>th</sup> Quarter 24 financials. As soon as FY 24 audit is released, it will be submitted.*

## **Finding: Had inadequate control over disbursements.**

This is a repeat finding and was included in the prior year audit report as finding 2023-003. During fiscal year 2024, the Union County Fiscal Court failed to implement adequate internal controls over disbursements, causing the following noncompliances to occur:

- Supporting documentation was not maintained for nine purchases totaling \$373.
- Purchase orders were not properly utilized. Of the 37 invoices tested, 26 purchase orders totaling \$5,695,892 were dated after the invoices were received.
- Three invoices totaling \$940,777 were not paid within 30 working days of receipt of the invoice.
- The fiscal court failed to obtain three quotes prior to purchasing six vehicles for a total of \$253,513 using the Finance and Administration Cabinet's Master Agreements.

## Recommendations

We make the following recommendations to the fiscal court:

- Internal control procedures regarding purchase orders should be strengthened by requiring purchase orders to be issued prior to purchases being made or services rendered in accordance with DLG requirements and KRS 68.210.
- Proper documentation should be maintained for all disbursements to properly support claims.
- All invoices should be paid within 30 working days of receipt, and all invoices should be stamped when received to support this.
- Internal controls should be implemented to ensure that all disbursements that are made in accordance with the Finance and Administration Cabinet's Master Agreements follow all guidelines outlined within.

## County Officials Response

*County Judge/Executive's Response: This is a rollover comment from FY 22 and 23 regarding expenditures in general. This was corrected after the first audit completion. Three years of audits were completed at the same time.*

## Finding: Did not properly expend LGEA funds.

This is a repeat finding and was included in the prior year audit report as finding 2023-007. During fiscal year 2024, the Union County Fiscal Court expended \$418,795 in Local Government Economic Assistance (LGEA) monies in the expenditure category "Data Processing", with the corresponding account code "5057". This category was not a priority category as outlined in KRS 42.455 and was included in the list of non-allowable expenditure categories in the DLG manual. These expenditures were made to pay the IT manager's salary, as well as for various information technology equipment, materials, subscriptions, and supplies.

## Recommendations

We recommend the Union County Fiscal Court review all LGEA fund expenditures prior to payment to ensure their compliance with both KRS 42.455 and KRS 68.210.

## County Officials Response

*County Judge/Executive's Response: This is a rollover comment from FY 23 and the correction was made regarding the IT department for 4<sup>th</sup> Quarter FY 25. The Department for Local Government stated it was an oversight when approving the county's budget that they approved a code that they deemed ineligible in their handbook.*

## Finding: Failed to implement adequate controls over the collection of receipts.

This is a repeat finding and was included in the prior year audit report as finding 2023-008. The Union County Fiscal Court has internal control deficiencies and noncompliances regarding the collections of receipts. The following findings were noted with Union County Fiscal Court's collection of receipts:

- Receipts were not issued for all applicable transactions.
- Receipts collected at off-site locations were not deposited on a daily basis.
- Daily collections at the Union County Senior Citizens Center were not prepared on checkout sheets that can be traced to the county's receipts ledger.
- Two occupational tax returns were not maintained.

## Recommendations

We recommend the Union County Fiscal Court prepare receipts in accordance with statutes, including occupational taxes and those collected at off-site locations, and deposit collections daily.

## County Officials Response

*County Judge/Executive's Response: This is a rollover comment from FY 23, and all recommendations and corrections have been implemented.*

## Finding: Did not have adequate controls over disbursements of economic adjustment assistance (EDA) funds.

The Union County Fiscal Court failed to implement internal controls over federal expenditures of Economic Adjustment Assistance Funds. During our testing, it was noted that purchase orders were not properly utilized. All five expenditures, totaling \$3,000,000 had purchase orders issued after the expense had already been incurred.

## Recommendations

We recommend the Union County Fiscal Court strengthen internal controls over disbursements by ensuring proper documentation is maintained for all disbursements to properly support claims and ensuring purchase orders are issued prior to all purchases being made.

## County Officials Response

*County Judge/Executive's Response: This is a rollover comment from FY 22 and 23 regarding expenditures in general. If purchase orders are not issued on the day of purchase they were dated the date the invoices were received. This has been corrected to match the date of invoice.*

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

