



**Auditor of  
Public Accounts  
Allison Ball**

# Wolfe County Fiscal Court

## Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball has released the audit of the financial statements of the Wolfe 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 Wolfe 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 have adequate internal controls over disbursements.**

This is a repeat finding and was included in the prior year audit report as finding 2023-001. Internal controls over disbursements were not operating as intended. Proper procedures for disbursements were not followed to ensure compliance with the fiscal court’s purchasing procedures. The following deficiencies were noted:

- This fiscal court did not issue purchase orders for disbursements totaling \$1,255,550.
- Purchase orders issued for 10 of the 87 disbursements tested did not include the purchase order numbers related to the disbursements and the purchase order listing did not include a dollar amount for each purchase order.
- One credit card invoice was paid late and accumulated \$210 of late fees and interest charges.

### **Recommendations**

We recommend the fiscal court implement proper internal controls over expenditures and ensure they are operating effectively.

### **County Officials Response**

*County Judge/Executive’s Response: Wolfe County acknowledges the finding regarding controls over disbursements. It is important to note that the majority of the transactions identified during the audit were monthly, recurring bills such as utilities, lease payments, and other standard operating expenses. These types of disbursements are consistent from month to month and do not require a purchase order under county policy, as they are essential recurring obligations rather than discretionary purchases.*

*The County will continue to ensure that all disbursements are properly reviewed and approved, and that appropriate documentation is maintained to support compliance with internal control procedures.*

**Auditor’s Reply:** The Kentucky Department for Local Government has provided guidance to counties that states that all disbursements, including those for payroll and utility claims, should have a purchase order prepared in order for the county to see the cash requirements needed to cover a particular bill.

## **Finding: Did not have adequate internal controls over solid waste collections and tourism tax collections.**

This is a repeat finding and was included in the prior year audit report as finding 2023-002. Solid waste collections are not recorded or deposited daily and prenumbered receipts were not issued and batched for all funds collected at the county transfer station. Additionally, tourism transient tax collections were not recorded or deposited daily either.

### **Recommendations**

We recommend the fiscal court implement additional controls over solid waste fees and tourism transient tax collections and maintain adequate supporting documentation of the control procedures utilized.

### **County Officials Response**

*County Judge/Executive's Response: We have worked diligently to take extreme feasible measures to ensure all of the Solid Waste money collected at the transfer station is accounted for. Cameras have been installed in locations of collections. Collected monies are kept in coded safe boxes until deposit. Money is counted 3 times by 3 different individuals from the time of collection until the time of deposit. Detailed deposit spreadsheets are given to Solid Waste Coordinator. If any of the money counts do not match, the Solid Waste Coordinator is advised of discrepancy and is urged to review it. Treasurer does not recall the auditors asking for proof of these spreadsheets. The Solid Waste Coordinator keeps them in his files. Pre-numbered receipts are available at the transfer station by request.*

Auditor's Reply: Auditors were not provided with evidence of daily deposits for solid waste collections or for transient room tax collections.

## **Finding: Did not prepare a financial statement of report liabilities for a component unit and other liabilities were misstated.**

The Wolfe County Fiscal Court did not accurately report financial activity or outstanding liabilities on their financial statement for the Wolfe County Public Properties Corporation, which is a component unit of the fiscal court. The financial activity of the component unit is required to be reported, but no financial statement was prepared and rather management elected to present bank statement for the account that services the debt of the component unit. Receipts of \$803,665 and disbursements of \$802,301 were not reported on the financial statement. Further, the principal and interest outstanding at June 30, 2024, for the component were not reported amounting to \$4,345,000 and \$466,850, respectively. The fiscal court also overstated principal and interest for other liabilities by \$429,078 and \$89,260, respectively.

### **Recommendations**

We recommend the fiscal court ensure that financial activity of the component unit is reported on the financial statements and implement controls to ensure that liabilities are all reported accurately.

### **County Officials Response**

*County Judge/Executive's Response: The long-term liabilities reported on the fourth quarter financial statement were misstated due to the nature of the Judicial Center Public Properties account. This account represents funds that the Fiscal Court does not receive or handle directly. Instead, the Fiscal Court is provided with quarterly and annual reports, which are formally presented at Fiscal Court meetings for review. Previously we were advised presenting the reports to Fiscal Court would satisfy this issue. Because these funds are not actual monies managed or disbursed by the County, they cannot be recorded in our financial system in the same manner as other transactions. Going forward, we will prepare a spreadsheet representing these funds and include it with our financial statement.*

## **Finding: Does not have adequate internal controls over the Wolfe County Animal Shelter.**

This is a repeat finding and was included in the prior year audit report as finding 2023-005. The Wolfe County Fiscal Court operates the Wolfe County Animal Shelter (hereafter referred to as the shelter) for animal welfare in the community. The land for the shelter was donated and the building was constructed with grant funds. The fiscal court pays for the utilities at the shelter and the salary for the shelter's director. The director oversees daily operations at the shelter and also coordinates with various animal rescue

organizations to provide foster homes and adoption services for animals at the shelter. Other labor is provided by volunteers.

## Recommendations

We recommend the fiscal court consult with the county attorney to review the makeup and control of the animal shelter to determine how it will be operated, managed and controlled in the future. If the animal shelter operations involve a third party, we recommend there be a written agreement between the Wolfe County Fiscal Court and the third party, outlining how each party will contribute to the animal shelter's operations in a more financially transparent manner going forward. Further, we recommend this agreement require periodic financial reporting from the organization to the fiscal court. The finding concerning possible improper expenditures from the organization's account will be referred to the Office of the Attorney General.

## County Officials Response

*County Judge/Executive's Response: The former Animal Shelter treasurer was responsible for overseeing the animal shelter's daily financial activities, including preparing bank statements, issuing checks, and completing bank reconciliations. The Fiscal Court's role was to provide support services such as building and vehicle maintenance, utilities, and lawn care, while also covering the costs of veterinary care and medications for the shelter animals.*

*To strengthen internal controls, Wolfe County Fiscal Court has taken corrective action by updating its Administrative Code. The revisions now include detailed job descriptions for all shelter positions, along with clearly defined lines of responsibility and accountability for shelter operations. Furthermore, the Animal Shelter Board is required to submit quarterly reports to the Fiscal Court to ensure ongoing oversight, transparency, and compliance.*

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

