Wolfe County Fiscal Court

Audit

Auditor of Public Accounts
Allison Ball

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, 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 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: The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2024-001. 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:

- Twenty-four disbursements totaling $1,210,157 did not have purchase orders.
- Four disbursements totaling $562,060 had purchase orders that did not include account codes, quantities, descriptions, or final prices.
- One credit card invoice was paid late and charged a $40 late fee.
- One lease payment invoice was paid late and charged a $60 late fee.

Recommendations

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

County Officials Response

County Judge/Executive's Response: The majority of the disbursements identified without purchase orders were recurring monthly expenditures paid to regularly used vendors, such as Three Forks Regional Jail for inmate housing and other routine operational expenses. These obligations occur on a recurring basis and were included in the county's approved budget. Effective July 1, 2026, the Wolfe County Fiscal Court amended its Administrative Code to address recurring expenditures to regularly used vendors. The Fiscal Court also approved an Annual Standing Purchase Order authorizing payment of recurring monthly obligations to designated vendors. This procedure ensures that recurring expenditures are properly authorized in advance while complying with Department for Local Government (DLG) purchasing requirements.

The Fiscal Court believes these changes strengthen internal controls over disbursements and will help ensure purchase order requirements are consistently followed for recurring expenditures going forward.

Finding: The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Solid Waste Collections And Tourism Transient Tax Collections

This is a repeat finding and was included in the prior year audit report as finding 2024-002. For solid waste collections, prenumbered receipts were not issued and batched for all monies collected at the county transfer station when the deposit was turned into the treasurer for deposit. Per inquiry and review of the receipts ledger it does not appear that collections are posted or deposited on a daily basis. It was also noted that there was no documentation of the review of the deposit spreadsheet given to the solid waste coordinator when the deposit was made.

Recommendations

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

County Officials Response

County Judge/Executive's Response: Collected monies are kept in coded safe boxes until deposit. Detailed deposit spreadsheets are given to Solid Waste Coordinator. The Solid Waste Coordinator is advised if any discrepancy is noted. Coordinator reconciles deposit spreadsheets with daily logs. Treasurer does not recall the documentation of spreadsheets being requested for review. The Solid Waste Coordinator keeps spreadsheets with his files. Pre-numbered receipts are available at the transfer station by request.

As transient room tax is received, it is given to Tourism office to log and track payments. Tourism then returns checks for deposit. Due to scheduling, these deposits are generally done once a week after they are logged.

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

Finding: The Wolfe County Fiscal Court Did Not Properly Budget For And Record All Debt Related Disbursements

The fiscal court executed two loans on August 1, 2024, to purchase two dump trucks to be used by the county and later sold at auction. The fiscal court executed an additional loan on April 24, 2025, for the purchase of a dump truck to be used by the county and later sold at auction. The receipt of loan proceeds and the purchase of the assets were not reflected in the fiscal court's bank activity, budget process, or fourth quarter financial report as these funds were paid directly to the vendor by the financing entity. All loan proceeds and asset purchases should be included in quarterly financial reports.

Recommendations

We recommend the fiscal court comply with regulatory reporting requirements by budgeting and recording all borrowed money, including those transactions handled by a third-party lender, in order to accurately report financing obligations proceeds received and assets purchased.

County Officials Response

County Judge/Executive's Response: These funds were paid directly to the vendor by the financing entity creating this oversight. Because these funds are not actual monies managed or disbursed by the County, they never appear on bank statements allowing accounts to balance in our financial system. Corrective action will be addressed in Fiscal Year 2027. Accounting codes will be created to log these transactions in our financial system to ensure accurate reporting of borrowed money.

The asphalt loan began in 2013. Although asphalt is a "road improvement", per standards it should have coded as a debt payment. When the loan was paid in full in FY2025, it was simply coded wrong in our system creating a misclassification of a debt.

Finding: Fourth Quarter Financial Statement Long-Term Liabilities Were Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2024-003. The fiscal court did not accurately report long-term liabilities on the fourth quarter financial report. The refunding bond for the Public Properties Corporation Judicial Center Project and additional debt for the purchase of dump truck from the Road Fund were not reported. The principal balance outstanding for those bonds was $3,680,000 and interest outstanding was $690,000, while the principal balance of the dump truck was $216,239 and interest outstanding was $11,396. Additional debt principal balances outstanding were overstated by $790,744 and interest balances outstanding were overstated by $89,260. This resulted in a total understatement of long-term liabilities totaling $3,717,631. This misstatement is material in relation to the financial statements.

Recommendations

We recommend the fiscal court implement controls to ensure the amounts reported on the fourth quarter financial statement for long-term liabilities are complete and accurate.

County Officials Response

County Judge/Executive's Response: This finding was an oversight of updating the long term liabilities information in the financial system causing the submitted Fourth Quarter report to be inaccurate. FY2026 we updated our financial system in hopes to correct this finding in future audits.

The audit report can be found on the auditor's website.

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