Auditor of Public Accounts
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Edelen Releases Audit of Allen County Fiscal Court

FRANKFORT, Ky. – State Auditor Adam Edelen has released the audit of the financial statements of the Allen County Fiscal Court for the fiscal year ended June 30, 2011. State law requires annual audits of county fiscal courts.

The audit found that the county's financial statements, in all material respects, fairly present the county's assets, liabilities, and net assets arising from cash transactions and revenues received and expenditures paid in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

- **The fiscal court should record all fixed/capital assets in accordance with the approved capitalization policy.**

  During our testing of fixed/capital assets, we discovered the following:

  - Construction in progress on the judicial center in the amount of $4,286,956 was not recorded on the fixed asset listing.;
  - Equipment and a repeater purchased for E-911 in the amounts of $3,908 and $6,135, respectively, were not recorded on the fixed asset listing;
  - Two golf carts purchased for the sheriff's office in the amount of $5,190 were not recorded on the fixed asset listing;
  - A vehicle purchased for the jail in the amount of $13,000 was not recorded on the fixed asset listing;

- A truck, forklift and tilt recycling trailer purchased for the transfer station in the amounts of $23,000, $21,656 and $10,300, respectively, were not recorded on the fixed asset listing;
- The infrastructure listing was not updated for new construction in the fiscal year causing infrastructure to be understated by $504,505.

The financial statements have been adjusted for the above exceptions.

We recommend that the fiscal court record fixed/capital assets in accordance with its approved capitalization policy and all supporting documentation be maintained in accordance with its internal control procedures.

County judge-executive's response: Will take these points and work to correct. I am now aware of our judicial center reporting requirements.

- **Penalties and interest due on delinquent occupational tax not collected.** The county has improved their collection attempts on delinquent occupational and net profits taxes. However, they are not collecting penalties and interest on these delinquent payments. If the taxpayer does not calculate the penalties and interest, and voluntarily pay it, then the county does not bill for the penalties and interest due on these delinquent payments. The occupational license tax ordinance adopted by the county states "Any business entity that fails to submit the minimum quarterly payment required under subsection (4) by the due date for the quarterly payment shall pay an amount equal to twelve percent (12%) per annum simple interest on the amount of the quarterly payment required…" However, the form used to calculate the tax shows the interest rate to be 8% per year. Apparently the ordinance was amended, but the forms were never changed.

We recommend that the County develop procedures to bill for the penalties and interest due on the delinquent tax payments. There should be approved procedures for the method of collection, and who would approve the waiving of penalties and interest.

County judge-executive's response: Will correct forms and work on delinquent policies

This report, in its entirety, can be accessed on the Internet at the following site: here.

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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