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

FRANKFORT, Ky. – State Auditor Adam Edelen has released the audit of the financial statements of the Bath 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 comment:

- **Internal controls should be improved over transfer station receipts.** The county collects trash at the transfer station and charges customers based on fees approved by the fiscal court. Employees of the transfer station collect this money and issue receipts. However, the receipts are not detailed as to what they collected the money for. The money collected is placed in an unsecure location during the daytime hours and is turned over to the Treasurer's office the following day. After a week of collections, the money turned over to the Treasurer's office is deposited.

Due to the high volume of cash transactions, the transfer station is extremely susceptible to theft or fraud. To offset some of these risks, we recommend the county implement the following procedures:

- Money collected should be placed in a secure cash drawer;

- Receipts should be more detailed to show what the collection is for (ex. bags, truck load, shingles/roofing, etc.);
- A daily checkout sheet should be completed which details what was collected as well as the numerical sequence of receipts;
- The treasurer should deposit transfer station receipts daily;
- The treasurer's office should review the log maintained at the transfer station on a periodic basis to determine that amounts turned over agree to the amount recorded.

County Judge-Executive Lowell Jamison's response: A secure cash drawer in which to place money collected has been purchased. In an effort to maintain detailed records at the transfer station, the following shall be implemented:

(1) A receipt book with triplicate receipts numbered sequentially shall be used for all collections with one tear out receipt for the customer, one tear out receipt for the treasurer's record and one receipt shall remain in the receipt book. The receipt book will be a log of all collections.

(2) The receipt shall detail the type of debris (bag, truck load, shingles/roofing, etc.).

Monies and copies of receipts for treasurer will be picked up at 2 p.m. daily and brought to treasurer's office (leaving $50.00 at transfer station for next day's start up).

The treasurer shall deposit transfer station receipts daily.

The treasurer's office shall review receipt log on a monthly basis to determine all amounts agree.

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

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