



**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, 2022. 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: The fiscal court failed to prepare an accurate capital asset schedule.

The Union County did not prepare an accurate capital asset schedule for fiscal year ending June 30, 2022. While a list of ending inventory was provided, a complete and accurate schedule documenting beginning balances, additions, and deletions was not maintained. When trying to prepare a schedule for fiscal year ending June 30, 2022, after the audit was started, the capital asset beginning balances, additions, and deletions were omitted from the schedule due to a lack of understanding by the financial staff of capital asset reporting requirements established by the Department for Local Government.

Recommendations

We recommend the Union County Fiscal Court implement internal controls over capital assets and ensure a complete capital asset schedule is maintained as required by the *County Budget Preparation and State Local Finance Officer Policy Manual*.

County Officials Response

County Judge/Executive's Response: The County has corrected the capital asset report to match the standards necessary by the state auditor's office.

Finding: The fiscal court is not compliant with continuing disclosure requirements.

The Union County Fiscal Court June 30, 2022 audited financial statements were not reported to the Municipal Securities Rulemaking Board (MSRB) on the February 25, 2023 deadline as required by Continuing Disclosure Requirements (CDR). The county's fiscal year 2022 audit had not been completed as of the fall of 2024. Per the county treasurer, due to construction and other unforeseen events within the county courthouse, the county delayed the start of the audit for fiscal year ending June 30, 2022. In the fall of 2024, the Auditor of Public Accounts rescinded the prior audit approval of the original private sector auditor and started the 2022 audit in October 2024.

Recommendations

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

County Officials Response

County Judge/Executive's Response: The County has released all fourth quarter statements, and as soon as released copies of the county audits are available they will be submitted to S&P.

Finding: The fiscal court had inadequate controls over disbursements.

During fiscal year 2022, the Union County Fiscal Court failed to implement adequate internal controls over disbursements, causing the following non-compliances to occur: itemized invoices were not maintained for three expenditures, supporting documentation was not maintained for four purchases, purchase orders were not properly utilized, encumbrances were listed on the fourth quarter report; however, documentation supporting these amounts was not maintained, bids to provide asphalt to the fiscal court were accepted from multiple vendors, two invoices totaling \$6,215 were not paid within 30 working days of receipt, and one claim in the amount of \$53,940 was not presented to fiscal court prior to payment.

Recommendations

We make the following recommendations to the Union County Fiscal Court: Internal control procedures regarding purchase orders should be strengthened by requiring purchase orders to be issued before purchases being made or services rendered; proper documentation should be maintained for all disbursements to support claims; a list of open purchase orders should be maintained to support all encumbrance amounts included on the fourth quarter report; bids should only be awarded to one vendor for the same materials or products; all invoices should be paid within 30 working days of receipt; and all claims should be presented and approved to fiscal court prior to payment.

County Officials Response

County Judge/Executive's Response: The staff responsible for all of the disbursements of the county will through checks and balances together make sure that all invoices have a detailed description, purchase orders are created prior to any purchase being approved, and lastly that all reports approved in court have all claims of all funds listed.

Finding: The fiscal court failed to implement adequate controls over the collection of receipts.

The following issues were noted with Union County Fiscal Court's collection and accounting processes over receipts: receipts were not issued for all applicable transactions; receipts collected at Moffit Lake, the Union County Animal Shelter, and the Union County Senior Center were not deposited on a daily basis; daily checkout sheets were not properly completed; therefore, daily collections could not be traced to the county's receipts ledger; and of the 25 occupational tax returns tested, three returns totaling \$56,246 were not deposited timely.

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: A better designated daily tally ledger has been created to verify the daily receipts match the cash being turned over.

The county clerk's responsibilities include collecting certain taxes, issuing licenses, maintaining county records, and providing other services. The clerk's office is funded through statutory fees collected in conjunction with these duties.

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

