



Van Gorder, Walker & Co., Inc.  
Certified Public Accountants

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January 30, 2020

To the Mayor and City Administrator  
City of Ft. Wright, Kentucky  
409 Kyles Lane  
Ft. Wright, Kentucky 41011

In planning and performing our audit of the financial statements of the City of Ft. Wright, Kentucky for the year ended June 30, 2019, we considered internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, as a result of observations made during our audit, we offer the following:

### **Current Year Recommendations**

#### **1) Civic Club Deposit Return Process**

Through routine investigation and inquiry, we noted that the City holds significant amounts of deposits from residents who rent the Civic Club. These deposits are returned to the resident, uncashed, upon completion of the event. We believe the City is incurring unnecessary risk in holding these sums in uncashed checks over periods of months. There is a risk of loss, theft, exchange with cash, refunding a check in error or intentionally when damage has occurred, or returning the check to the wrong/unapproved resident. We highly recommend depositing these checks, holding them as a "restricted" deposit on the balance sheet, and reimbursing with a check cut on City funds with all necessary approvals. This was a comment in FY 2018 as well.

#### ***Management Comments:***

The COFW is in the process of revamping the rental policies associated with the South Hills Civic Center to include changes to the receipt of payments and deposits, in order to be in compliance with this recommendation.

#### **2) Fixed Asset Accounting Controls**

The City, along with the City's Consultant Accountant, should consider reworking its fixed asset accounting controls. We realize this is an onerous task, but highly recommend the following steps to move the City forward with this process:

- Consider rewriting the City's Capital Asset Policy to –
  - Include only individual assets greater than \$5,000 in value;
  - Not include purchases of multiple items (turnout gear, radios, etc.) which sum to >\$5,000 but are not >\$5,000 individually;
  - Include street replacement costs, along with engineering costs, delineated by individual street; and
  - Not include road maintenance/repair/mill & pave costs.
- Take an inventory of currently held assets and compare to asset listing.
- Remove assets that cannot be readily identified.
- Capital asset listing should be delineated by individual asset (versus grouped by year or project)
- Input assets in an appropriate fixed asset software to calculate depreciation expense.

#### ***Management Comments:***



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This letter is solely for the use of the Mayor and the City Administrator of the City of Ft. Wright and should not be used for any other purpose. Thank you for allowing us to be of service to the City of Ft. Wright, Kentucky.

*Van Gorder, Walker & Co., Inc.*

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Erlanger, Kentucky