

**REPORT OF THE AUDIT OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2019 TAXES**

**For The Period
April 16, 2019 Through May 15, 2020**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Perry Newcom, Crittenden County Judge/Executive

The Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the Crittenden County Sheriff's Settlement - 2019 Taxes for the period April 16, 2019 through May 15, 2020 - Regulatory Basis, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements*, issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Perry Newcom, Crittenden County Judge/Executive
The Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Crittenden County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the Crittenden County Sheriff, for the period April 16, 2019 through May 15, 2020.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2019 through May 15, 2020 of the Crittenden County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The Schedule of Excess Liabilities Over Assets is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, on our consideration of the Crittenden County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crittenden County Sheriff's internal control over financial reporting and compliance.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Perry Newcom, Crittenden County Judge/Executive
The Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

Other Reporting Required by *Government Auditing Standards* (Continued)

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comments:

- 2019-001 The Crittenden County Sheriff's Office Does Not Have Adequate Segregation Of Duties
- 2019-002 The Crittenden County Sheriff's Tax Settlement Was Inaccurate
- 2019-003 The Crittenden County Sheriff Failed To Implement Adequate Internal Controls Over The Disbursement Of Tax Collections
- 2019-004 The Crittenden County Sheriff Has A \$3,048 Deficit In His 2019 Tax Account
- 2019-005 The Crittenden County Sheriff Failed To Completely Settle Taxes Associated With The 2016, 2017, And 2018 Tax Years

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

June 3, 2021

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SHERIFF'S SETTLEMENT - 2019 TAXES

For The Period April 16, 2019 Through May 15, 2020

	Special Taxing			
	County	Districts	School	State
<u>Charges</u>				
Real Estate	\$ 419,098	\$ 422,838	\$ 1,740,865	\$ 437,006
Tangible	20,440	22,704	80,079	80,056
Fire Dues		94,770		
Fire Protection	1,900			
Total Per Sheriff's Official Receipt	441,438	540,312	1,820,944	517,062
<u>Other Taxes & Charges</u>				
Court Ordered Increases	46	46	191	48
Franchise Taxes	48,010	50,085	191,604	
Paid Minimum Bills				1
Limestone, Sand, and Gravel Reserves	692	694	2,876	722
Penalties	2,852	3,674	11,785	3,108
Gross Chargeable to Sheriff	493,038	594,811	2,027,400	520,941
<u>Credits</u>				
Exonerations	1,681	1,883	6,911	2,585
Discounts	6,820	8,221	28,151	7,924
Delinquent Real Estate	6,885	10,640	28,546	7,166
Delinquent Tangible	305	402	1,197	1,084
Total Credits	15,691	21,146	64,805	18,759
Taxes Collected	477,347	573,665	1,962,595	502,182
Less: Sheriff's Commissions*	20,287	22,347	78,504	21,343
Taxes Due Districts	457,060	551,318	1,884,091	480,839
Taxes Paid	455,248	541,936	1,875,498	479,426
Refunds (Current and Prior Year)	1,344	1,256	5,578	1,397
Taxes Due Districts (Refund Due Sheriff)	\$ 468	\$ 8,126	\$ 3,015	\$ 16

**

* and ** See next page.

The accompanying notes are an integral part of this financial statement.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SHERIFF'S SETTLEMENT - 2019 TAXES
 For The Period April 16, 2019 Through May 15, 2020
 (Continued)

* Commissions:

4.25% on	\$	1,462,795
4% on	\$	1,962,595
2% on	\$	90,399

** Special Taxing Districts:

Library District	\$	4,469
Health District		119
Extension District		3,341
Tradewater Watershed		5
Crittenden VFD 1		65
Caldwell Springs VFD 5		159
Salem VFD 6		(32)
Sheridan VFD 7		32
Tolu VFD 8		<u>(32)</u>

Due Districts or (Refunds Due Sheriff)	\$	<u>8,126</u>
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CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

May 15, 2020

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The Crittenden County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT
May 15, 2020
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Crittenden County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of May 15, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2019. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2020. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 30, 2019 through May 15, 2020.

B. Limestone, Sand, and Gravel Reserves

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2019. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was February 25, 2020 through May 15, 2020.

C. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 16, 2019 through May 15, 2020.

Note 4. Interest Income

The Crittenden County Sheriff earned \$618 as interest income on 2019 taxes. As of June 3, 2021, the sheriff owed \$258 in interest to the school district and \$222 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Crittenden County Sheriff collected \$17,183 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

Note 6. Escrow Account

The sheriff deposited unrefundable payments in an interest-bearing account. The sheriff's escrowed beginning balance was \$4,049. The sheriff received \$11 and disbursed \$0. The ending balance as of May 15, 2020, was \$4,060, of which \$2,196 belongs to the 2016 tax account to settle the 2016 taxes and \$1,853 due to the county treasurer. The remaining \$11 was interest earned on the account.

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CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS

For The Period April 16, 2019 Through May 15, 2020

Assets

Reconciled Cash Balance	\$ 744
Receivables Per Draft:	
Salem VFD 6	32
Tolu VFD 8	32
Commissions Due From Fee Account	8,743
Commissions Due from School	<u>192</u>
Total Assets	<u>9,743</u>

Liabilities

Unpaid Obligations Per Draft -	
Other Taxing Districts-	
County	\$ 468
Library	4,469
Health	119
Extension	3,341
Tradewater	5
Crittenden VFD 1	65
Caldwell Springs VFD 5	159
Sheridan VFD 7	32
School	3,015
State	16
Due 2020 Franchise Account	1
Interest Due School	258
Interest Due Sheriff's Fee Account	222
Add-on Fees Due Sheriff's Fee Account	618
Due Sheriff	<u>3</u>
Total Unpaid Obligations	<u>12,791</u>
Total Fund Balance (Deficit) as of May 15, 2020	<u>\$ (3,048)</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Perry Newcom, Crittenden County Judge/Executive
The Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Crittenden County Sheriff's Settlement - 2019 Taxes for the period April 16, 2019 through May 15, 2020 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated June 3, 2021. The Crittenden County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Crittenden County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Crittenden County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crittenden County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2019-004 and 2019-005 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Crittenden County Sheriff's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2019-002 and 2019-003.

Views of Responsible Official and Planned Corrective Action

The Crittenden County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Crittenden County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

June 3, 2021

SCHEDULE OF FINDINGS AND RESPONSES

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CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 16, 2019 Through May 15, 2020

FINANCIAL STATEMENT FINDINGS:

2019-001 The Crittenden County Sheriff's Office Does Not Have Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2018-001. The Crittenden County Sheriff does not have segregation of duties and does not have proper internal controls in place over the tax collection process. The bookkeeper is required to perform multiple tasks such as the collection of taxes from customers, deposit preparation, the bookkeeping functions, bank reconciliations, the preparation of monthly reports, and the preparation of checks for disbursements. This is due to the sheriff failing to provide adequate personnel to segregate duties and failing to implement policies and procedures such as performing sufficient oversight of the bookkeeper's work.

A lack of internal control could create the opportunity for fraud to potentially take place. Segregation of duties, or the implementation of compensating controls when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff segregate the duties noted above by allowing different deputies to perform these functions. However, if those duties cannot be segregated due to a limited staff, we recommend the sheriff implement internal controls over the tax collection process such as documented management oversight of the daily checkout process, performing monthly reconciliations by comparing daily deposits and checkout sheets to bank statements and the monthly reports, documented management oversight of monthly reports and reconciliations, and comparing daily collection reports to the deposits.

Sheriff's Response: We are a very small department and have split certain duties through our office account. We will start to implement them into the tax account as well.

2019-002 The Crittenden County Sheriff's Tax Settlement Was Inaccurate

This is a repeat finding and was included in the prior year audit report as finding 2018-002. The Crittenden County Sheriff's Tax Settlement was inaccurate and required multiple audit adjustments. The amount reported for taxes collected on the sheriff's settlement was misstated by \$5,474. The amount reported for taxes paid was misstated by \$8,788. While the amount of adjustments were not material to the financial statement, numerous adjustments were necessary to reconcile the settlement to underlying accounting records. This is a direct result of weak internal controls associated with a lack of segregation of duties and poor oversight. As a result, the tax settlement presented to and approved by fiscal court was inaccurate.

Strong internal controls dictate the sheriff provide strong oversight to ensure tax collections and distributions are reported accurately. Moreover, KRS 134.192(11) states, "[i]n counties containing a populations of less than seventy thousand (70,000), the sheriff shall file annually with his or her settlement:

- a) A complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes[.]”

We recommend that the Crittenden County Sheriff strengthen internal controls to ensure that tax collections and distributions are reported accurately on the tax settlement.

Sheriff's Response: The official did not provide a response.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period April 16, 2019 Through May 15, 2020
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-003 The Crittenden County Sheriff Failed To Implement Adequate Internal Controls Over The Disbursement Of Tax Collections

The Crittenden County Sheriff has poor internal controls over the disbursement of tax collections. The following findings were noted with Crittenden County Sheriff's disbursement of tax collections:

- Not all taxes collected were disbursed per the monthly reports. There were four reports that the sheriff failed to disburse the taxes due to each district. In addition, the sheriff failed to disburse taxes due to the library, extension, and school districts per the March monthly reports.
- There were multiple credit card online payment errors that resulted in taxes not being disbursed at all or in a timely manner to the appropriate districts.
- There were two instances where the sheriff paid the amount of tax due per the monthly reports to the wrong districts, and one instance where the sheriff failed to deduct the amount of refunds from the amount of taxes due per the report.
- The sheriff overpaid limestone, sand, and gravel property taxes due to the districts by \$87. This amount was then re-collected from the districts.
- Franchise collections for May, July, and August were not disbursed by the 10th of the month, as required by KRS 131.191.
- Commissions were overpaid to the sheriff's fee account by \$8,743, resulting in this amount due back from the fee account.

The findings listed above are a direct result of weak internal controls associated with a lack of segregation of duties and poor oversight. Because of the aforementioned findings, taxes were left vulnerable to misappropriation and loss. Also, taxing districts were denied funds that were due to them.

Strong internal controls over tax disbursements are vital in ensuring that taxes are accounted for properly. Strong internal controls are also important in safeguarding the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county is in compliance with state statutes.

KRS 134.191(1) states, "[t]he sheriff shall provide monthly reports by the tenth day of each month to the chief executive of the county, the department, and any other district for which the sheriff collects taxes."

KRS 134.191(3) states, "[a]t the time of making the report, the sheriff shall pay to the county treasurer or other officer designated by the governing body of a county, to the department, and to any other district for which the sheriff collects taxes, all funds belonging to the county, the state, or the district that were collected during the period covered by the report."

We recommend the Crittenden County Sheriff strengthen internal controls to ensure tax collections and distributions are accounted for properly and abide by the applicable statutes surrounding property tax collections and distributions.

Sheriff's Response: We are looking into ways to make this more efficient.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period April 16, 2019 Through May 15, 2020
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2019-004 The Crittenden County Sheriff Has A \$3,048 Deficit In His 2019 Tax Account

The sheriff has a deficit of \$3,048 in his official 2019 tax account. This occurred because of a lack of internal controls in place to ensure all tax monies due the tax account were properly billed, collected, and deposited and all payments were properly paid.

As a result, the sheriff's tax account did not receive all monies due, which resulted in the sheriff's office not having the funds needed to settle 2019 taxes as detailed in the Schedule of Excess Liabilities Over Assets. As collector of taxes, the sheriff assumes full responsibility for all tax collections and complete distribution of these collections to the proper taxing authority. KRS 134.192 requires the sheriff to settle his or her accounts annually, with each taxing district for which he or she collects taxes.

We recommend the sheriff deposit personal funds of \$3,048 into his 2019 tax account in order to settle his 2019 taxes in accordance with the Schedule of Excess Liabilities Over Assets.

Sheriff's Response: The money for this account was deposited in the wrong account and this will be fixed.

2019-005 The Crittenden County Sheriff Failed To Completely Settle Taxes Associated With The 2016, 2017, And 2018 Tax Years

The Crittenden County Sheriff failed to completely settle the 2016, 2017, and 2018 tax accounts. Per prior year audits, there are outstanding receivables and liabilities that need to be collected and paid out to the appropriate districts. This is due to districts not responding to the requests for refunds for overpayments sent out by the sheriff's office, and the sheriff's failure to pay out the amounts that have been collected.

Failing to properly settle taxes at the conclusion of the tax year has resulted in taxing districts being denied funds, and the sheriff not acting in compliance with KRS 134.192. Strong internal controls require management to monitor tax year settlements and collect or disburse any amounts due in a timely manner.

In addition, KRS 134.192(1) states, in part, "[e]ach sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year... The annual settlement of the sheriff shall be audited in accordance with KRS 43.070 and 64.810."

We recommend that the sheriff settle taxes associated with tax year 2016, 2017, and 2018 by collecting all uncollected receivables and paying all unpaid obligations as detailed on the Determination of Fund Balances.

Sheriff's Response: We have been unable to settle these accounts at this time due to a couple of districts not refunding the amounts that were due back the sheriff's office. We are looking into some sort of corrective action on this matter.