



Auditor of Public Accounts
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Ball Releases Audit of Former Crittenden County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for former Crittenden County Sheriff Wayne Agent. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor's letter to communicate whether the sheriff's settlement presents fairly the taxes charged, credited, and paid in accordance with accounting principles generally accepted in the United States of America. The sheriff's settlement is prepared on a regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited, and paid, for the period, September 1, 2022, through December 31, 2022, in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on noncompliance 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 findings:

The former Crittenden County Sheriff's Office lacked adequate segregation of duties: The former Crittenden County Sheriff's office lacked adequate segregation of duties and did not have proper internal controls in place over the tax collection process. The same employee was required to perform multiple tasks such as: collecting taxes from customers, preparing deposits, reconciling the bank accounts, processing monthly reports, and preparing and signing checks for tax distributions. No reviews of this employee's work were documented. The former sheriff failed to implement any internal control procedures or provide adequate oversight of the financial operations of the sheriff's office.

We recommend the Crittenden County Sheriff's office segregate the duties noted above by allowing different employees to perform these functions. However, if those duties cannot be segregated due to a limited staff, strong management oversight by the sheriff or designee should be performed. This oversight should include reviewing daily checkout sheets and deposits, reviewing monthly tax reports, and reviewing the monthly bank reconciliations. Documentation, such as the sheriff's or a designee's initials or signature should be provided on those items that are reviewed. Dual signatures should also be required on all checks.

Former Sheriff's Response: Employee shortage wasn't able to hire because of funding.

The former Crittenden County Sheriff failed to present a settlement to the fiscal court by March 15: The former Crittenden County Sheriff failed to present a tax settlement to fiscal court timely. The tax settlement should have been presented to fiscal court by March 15, 2023, however the settlement was not presented to the fiscal court until August 24, 2023, which is five months late. According to the former sheriff, he was not aware that a tax settlement was due by March 15, instead of by September 1. The former sheriff was not in compliance with KRS 134.215.

We recommend the sheriff's office present the settlement by March 15 in the future.

Former Sheriff's Response: Settlement wasn't prepared because of turning over office to the new sheriff.

The former Crittenden County Sheriff failed to properly settle tax collections for the 2021 tax year: The former Crittenden County Sheriff failed to settle his 2021 tax collections. The sheriff has previously failed to settle prior year accounts which was noted in finding 2021-001. At the conclusion of each audit, the sheriff is provided a detailed breakdown of the amounts due to the sheriff's office and amounts the sheriff's office owes in order to close out each tax year. However, the former sheriff has not taken proper action to settle these accounts before leaving office. The former sheriff was not in compliance with KRS 134.192.

We recommend the former sheriff settle taxes associated with the 2021 tax year by collecting receivables and paying liabilities as outlined with documentation provided to him.

Former Sheriff's Response: Have been settled.

The former Crittenden County Sheriff did not distribute property tax collections by the tenth of the month: The former sheriff did not distribute property tax collections timely. Tax distributions for December 2022 of \$50,884 were distributed six months late. The former sheriff was not in compliance with KRS 134.191.

We recommend that all tax collections be distributed by the tenth day of the month following the collection to be in compliance with KRS 134.191.

Former Sheriff's Response: Wasn't aware that the outgoing sheriff had deadline of the 10th.

The amount of unpaid taxes transferred to the incoming Sheriff was significantly understated: The official receipt of partially paid taxes transferred from the outgoing sheriff to the incoming sheriff was understated by \$39,489. Property tax bills post-dated for December 2022

were not processed and marked paid in tax software until January 3, 2023. With the incoming sheriff taking office on January 1, 2023, these tax bills were included on the January 2023 monthly report instead of being processed on the outgoing sheriff's monthly report. However, the official receipt of partially paid taxes transferred from the outgoing sheriff was calculated using a delinquent tax report dated as of January 5, 2023 and did not include the post-dated tax bills processed on January 3.

We recommend the Crittenden County Sheriff's office ensure that tax bills are marked paid in the tax software in a timely manner. In addition, we recommend the sheriff's office use the correct reports when preparing the official receipt in the future.

Former Sheriff's Response: I wasn't in office at the time, but everything has been settled.

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

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