

**REPORT OF THE AUDIT OF THE  
FORMER CRITTENDEN COUNTY  
SHERIFF'S SETTLEMENT - 2021 TAXES**

**For The Period  
April 16, 2021 Through August 31, 2022**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

**Independent Auditor's Report**

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, Former Crittenden County Sheriff

The Honorable Evan Head, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying former Crittenden County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022 - Regulatory Basis, and the related notes to the financial statement.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2021 through August 31, 2022 of the former Crittenden County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

*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 section of our report, the financial statement 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 former Crittenden County Sheriff, for the period April 16, 2021 through August 31, 2022.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the former Crittenden County Sheriff and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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, Former Crittenden County Sheriff  
 The Honorable Evan Head, Crittenden County Sheriff  
 Members of the Crittenden County Fiscal Court

## **Basis for Opinion (Continued)**

### *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 former 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 and budget laws, 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 and pervasive.

## **Responsibilities of Management 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 and budget laws. 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 Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 former Crittenden County Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the former Crittenden County Sheriff's ability to continue as a going concern for a reasonable period of time.

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, Former Crittenden County Sheriff  
The Honorable Evan Head, Crittenden County Sheriff  
Members of the Crittenden County Fiscal Court

**Auditor's Responsibilities for the Audit of the Financial Statement (Continued)**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2023, on our consideration of the former 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 effectiveness of 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 former Crittenden County Sheriff's internal control over financial reporting and compliance.

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

- 2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years
- 2021-002 The Former Crittenden County Sheriff's Office Lacked Adequate Segregation Of Duties

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  
Frankfort, Ky

April 13, 2023

CRITTENDEN COUNTY  
WAYNE AGENT, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 2021 TAXES

For The Period April 16, 2021 Through August 31, 2022

	County	Special Taxing Districts	School	State
<u>Charges</u>				
Real Estate	\$ 436,879	\$ 626,078	\$ 1,841,674	\$ 448,178
Tangible	23,473	25,290	87,494	72,916
Fire Dues		94,230		
Fire Protection	1,893			
Total Per Sheriff's Official Receipt	462,245	745,598	1,929,168	521,094
<u>Other Taxes &amp; Charges</u>				
Court Ordered Increases				48
Franchise Taxes	65,705	69,818	265,933	
Additional Billings	74	149	313	76
Limestone, Sand, and Gravel Reserves	253	261	1,065	259
Penalties	1,917	2,773	8,053	1,988
Gross Chargeable to Sheriff	530,194	818,599	2,204,532	523,465
<u>Credits</u>				
Exonerations	3,124	2,689	7,792	2,014
Discounts	7,316	8,999	30,620	8,351
Delinquent Real Estate	6,197	15,043	26,093	6,350
Delinquent Tangible	43	1,108	121	113
Total Credits	16,680	27,839	64,626	16,828
Taxes Collected	513,514	790,760	2,139,906	506,637
Less: Sheriff's Commissions*	21,824	27,878	85,596	21,532
Taxes Due Districts	491,690	762,882	2,054,310	485,105
Taxes Paid	490,705	756,020	2,050,471	483,816
Refunds (Current and Prior Year)	1,255	6,938	5,264	1,304
Taxes Due Districts (Refund Due Sheriff)	\$ (270)	\$ (76)	\$ (1,425)	\$ (15)

\*\*

\* and \*\* See next page.

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

CRITTENDEN COUNTY  
 WAYNE AGENT, FORMER SHERIFF  
 SHERIFF'S SETTLEMENT - 2021 TAXES  
 For The Period April 16, 2021 Through August 31, 2022  
 (Continued)

\* Commissions:

4.25% on	\$	1,556,286
4% on	\$	2,139,906
2% on	\$	254,625

\*\* Special Taxing Districts:

Library District	\$	(81)
Health District		(54)
Extension District		(48)
Marion Crittenden County 911		<u>107</u>

Due District or (Refunds Due Sheriff)	\$	<u>(76)</u>
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CRITTENDEN COUNTY  
NOTES TO FINANCIAL STATEMENT

August 31, 2022

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 former 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 sheriff 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  
August 31, 2022  
(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 former Crittenden County Sheriff did not have a deposit policy for custodial credit risk, but rather followed the requirements of the *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. As of August 31, 2022, 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, 2021. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2022. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 30, 2021 through April 18, 2022.

B. Limestone, Sand, and Gravel Reserves

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2021. 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 26, 2022 through August 31, 2022.

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 May 1, 2021 through March 30, 2022.

Note 4. Interest Income

The former Crittenden County Sheriff earned \$749 as interest income on 2021 taxes. The former sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the sheriff's office. As of April 13, 2023, the former sheriff owed \$31 in interest to the school district and \$81 in interest to his fee account.

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

The former Crittenden County Sheriff collected \$12,721 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

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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**

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**

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

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 former Crittenden County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022- Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated April 13, 2023. The former 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.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the former Crittenden County Sheriff's internal control over financial reporting (internal control) as a basis for designing 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 former Crittenden County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former 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 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.

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 2021-001 and 2021-002 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)

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the former 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 financial statement. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2021-001.

**Views of Responsible Official and Planned Corrective Action**

The former 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 former 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,

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Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

April 13, 2023

## SCHEDULE OF FINDINGS AND RESPONSES

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CRITTENDEN COUNTY  
WAYNE AGENT, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 16, 2021 Through August 31, 2022

FINANCIAL STATEMENT FINDINGS:

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years

This is a repeat finding and was included in the prior year audit report as finding 2020-001. The former Crittenden County Sheriff has failed to settle the prior five years of tax collections in a timely manner. At the conclusion of each audit, auditors provided the former sheriff a detailed breakdown of the amounts due to the sheriff's office and amounts the former sheriff owed in order to close out each tax year; however, the former sheriff has not taken proper action to settle these accounts. The following table summarizes the total amount of receivables and liabilities of the former sheriff's tax accounts:

	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TOTALS
Reconciled Cash Balance - August 31, 2022	\$	\$ 2,870	\$ 1,689	\$ 2,783	\$ 9,137	\$ 16,479
NET ASSETS		2,870	1,689	2,783	9,137	16,479
RECEIVABLES:						
2016 Tax Year	6,740					6,740
2017 Tax Year		1,406				1,406
2018 Tax Year			4,806			4,806
2019 Tax Year				4,151		4,151
2020 Tax Year					247	247
TOTAL RECEIVABLES	6,740	1,406	4,806	4,151	247	17,350
UNPAID LIABILITIES						
Taxing Districts -						
2016 Tax Year	6,526					6,526
2017 Tax Year		4,475				4,475
2018 Tax Year			3,291			3,291
2019 Tax Year				6,098		6,098
2020 Tax Year					9,317	9,317
TOTAL UNPAID LIABILITIES	6,526	4,475	3,291	6,098	9,317	29,707
Ending Balance - August 31, 2022	\$ 214	\$ (199)	\$ 3,204	\$ 836	\$ 67	\$ 4,122

CRITTENDEN COUNTY  
 WAYNE AGENT, FORMER SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Period April 16, 2021 Through August 31, 2022  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
 (Continued)

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The amounts that make up the receivables and liabilities of the individual tax accounts are listed in the following tables:

**Tax Year 2016**

Assets

Reconciled Cash Balance as of August 31, 2022		\$	0
Receivables:			
Taxing Districts -			
State	\$	900	
County		52	
School		<u>3,315</u>	\$ 4,267
Escrow Account			2,196
2017 Tax Account			<u>277</u>
Total Assets		\$	6,740

Liabilities

Unpaid Obligations:			
Interest Due School		44	
Fee Account -			
Interest Due Fee Account		4	
Commissions Due Fee Account		4,416	
Sheriff's Add-on Fees		2,033	
Miscellaneous		<u>29</u>	
Total Unpaid Obligations			<u>6,526</u>
Total Fund Balance as of August 31, 2022		\$	<u>214</u>

CRITTENDEN COUNTY  
 WAYNE AGENT, FORMER SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Period April 16, 2021 Through August 31, 2022  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
 (Continued)

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**Tax Year 2017**

Assets

Reconciled Cash Balance as of August 31, 2022 \$ 2,870

Receivables:

Taxing Districts -

State	\$	3	
School		901	
Crittenden VFD		29	
Salem VFD		<u>58</u>	991

Escrow Account -

Amt transferred to Escrow in error		<u>415</u>	<u>1,406</u>
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Total Assets			<u>\$ 4,276</u>
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Liabilities

Unpaid Obligations:

Taxing Districts -

Library	\$	33	
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Interest Due School		7	
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Fee Account -

Current Year Interest Earned		12	
Fee Account		<u>4,146</u>	4,158

2016 Tax Account		<u>277</u>	
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Total Unpaid Obligations			<u>4,475</u>
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Total Fund (Deficit) as of August 31, 2022			<u>\$ (199)</u>
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CRITTENDEN COUNTY  
 WAYNE AGENT, FORMER SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Period April 16, 2021 Through August 31, 2022  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
 (Continued)

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**Tax Year 2018**

Assets

Reconciled Cash Balance as of August 31, 2022 \$ 1,689

Receivables:

Taxing Districts -

State	\$ 34	
School	<u>795</u>	\$ 829

Fee Account -

Tax Commissions	3,894		
Check Charges	63		
Dormant Acct Fees	<u>20</u>	<u>3,977</u>	<u>4,806</u>

Total Assets \$ 6,495

Liabilities

Unpaid Obligations:

Taxing Districts -

Health	\$ 1,408	
Extension	<u>1,814</u>	3,222

Interest Due School 59

Fee Account - Current Year Interest 10

Total Unpaid Obligations 3,291

Total Fund Balance as of August 31, 2022 \$ 3,204

CRITTENDEN COUNTY  
 WAYNE AGENT, FORMER SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Period April 16, 2021 Through August 31, 2022  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
 (Continued)

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**Tax Year 2019**

Assets

Reconciled Cash Balance as of August 31, 2022		\$	2,783
Receivables:			
Taxing Districts -			
Salem VFD	\$	32	
School Commission		192	
Fee Account - Tax Commissions		<u>3,927</u>	<u>4,151</u>
Total Assets			6,934

Liabilities

Unpaid Obligations:			
Taxing Districts -			
School	\$	3,015	
Extension		3,007	
Tradewater		<u>5</u>	6,027
Interest Due School			36
Fee Account - Current Year Interest		<u>35</u>	
Total Unpaid Obligations			<u>6,098</u>
Total Fund Balance as of August 31, 2022		\$	<u><u>836</u></u>

CRITTENDEN COUNTY  
WAYNE AGENT, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Period April 16, 2021 Through August 31, 2022  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
(Continued)

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**Tax Year 2020**

Assets

Reconciled Cash Balance as of August 31, 2022 \$ 9,137

Receivables:

Taxing Districts -

State	\$	7	
School		155	
Library		<u>33</u>	\$ 195

Fee Account - Dormant Fees		<u>52</u>	<u>247</u>
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Total Assets \$ 9,384

Liabilities

Unpaid Obligations:

Taxing Districts -

Salem Fire		90
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Fee Account -

Current Year Interest	34
Tax Commissions Due Fee Account	4,994
Sheriff's Add-on Fees Due Fee Account	4,194
Returned Check Fees Due Fee Account	<u>5</u>
	<u>9,227</u>

Total Unpaid Obligations	<u>9,317</u>
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Total Fund Balance as of August 31, 2022	<u>\$ 67</u>
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Because the former sheriff has failed to settle property taxes associated with tax years 2016, 2017, 2018, 2019, and 2020 amounts due to taxpayers and taxing districts have not been paid, and the former sheriff is not in compliance with KRS 134.192. KRS 134.192(2)(b) states, "[t]he sheriff shall settle his or her accounts with the county, the school district, and any other taxing district for which he or she collects taxes." KRS 134.192(7) states, in part, "[o]n the final settlement, the sheriff shall pay to the county treasurer all money that remains in his or her hands attributable to amounts charged against the sheriff relating to the collection of property taxes... The sheriff shall pay any additional amounts charged against him or her as a result of the settlement."

CRITTENDEN COUNTY  
WAYNE AGENT, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Period April 16, 2021 Through August 31, 2022  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2021-001 The Former Crittenden County Sheriff Failed To Settle Taxes For The Past Five Tax Years  
(Continued)

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The proper distribution of prior years' taxes collected by the Crittenden County Sheriff's office requires the collection of these receivables, including overpayments to some taxing districts, and the payment of these funds to the appropriate taxing districts, fee account, or other taxpayers.

Effective internal controls should be in place to ensure compliance with state regulations and that all tax years have been properly settled.

According to the former sheriff's bookkeeper, this is due to districts not responding to the sheriff's office's requests for refunds for overpayments. In addition, this is due to the former sheriff's failure to distribute amounts that have been collected.

We recommend the former sheriff settle taxes associated with prior years by collecting all receivables and paying all liabilities. Any uncashed checks should be escrowed, and the remaining surplus should be paid to fiscal court. Once prior year taxes have been properly settled, the former sheriff should close the respective tax accounts.

*Former Sheriff's Response: We have at this time closed all accounts.*

2021-002 The Former Crittenden County Sheriff Lacked Adequate Segregation Of Duties

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This is a repeat finding and was included in the prior year audit report as finding 2020-002. 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 bookkeeper 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 disbursements. No reviews of the bookkeeper's work were documented.

A lack of segregation of duties or strong oversight increases the risk that errors or fraud could have occurred and not been detected. The former sheriff failed to implement any internal control procedures or provide adequate oversight of the financial operations of the sheriff's office.

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 Crittenden County Sheriff's office 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, 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: We have since hired other people to help eliminate this comment.*