



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Morgan County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2019 financial statement of Morgan County Sheriff Greg Motley. 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 financial statement presents fairly the receipts, disbursements and excess fees of the Morgan County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff'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 all 120 sheriff audits in Kentucky.

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 comment:

The Morgan County Sheriff's financial statement was materially misstated: The Morgan County Sheriff's calendar year 2019 financial statement was materially misstated and numerous receipts and disbursements were posted incorrectly. Receipt and disbursement activity of the 2019 fee account that occurred after December 31, 2019, was not posted to the sheriff's financial statement, this resulted in receivables of \$30,416 being added to receipts and \$38,331 of liabilities was added to disbursements. Receipt line items for various fees were not handled the same for each quarter causing many reclassifications in order to correct postings. Payroll salaries were posted as net amounts instead of gross.

The majority of the issues were caused by errors in bookkeeping and the bookkeeper was not aware that after December 31, receivables and liabilities needed to be posted for the fee account. A materially misstated fourth quarter financial report could result in an increased risk of uncorrected errors, theft, loss, or misappropriated assets.

Good internal controls dictate that all transactions should be posted to the ledgers to produce an accurate representation of the financial activity. Further, line items on ledgers should be given the same treatment each time a financial statement is produced and salaries should be posted as gross amounts, this gives a clear representation of the year's finances.

We recommend the Morgan County Sheriff improve procedures over financial reporting to ensure transactions are properly recorded and financial statements are materially stated.

Sheriff's Response: This procedure was in place when we took over the office in 2019. The prior bookkeeper continued with the procedures that were in place. The current bookkeeper has been made aware of the proper procedures for insuring that this does not occur in the future.

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

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

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