



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

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the sheriff's settlement – 2022 taxes for former Lincoln County Sheriff Curt Folger. 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 Lincoln County Sheriff's Office did not have adequate segregation of duties: The former sheriff's office lacked adequate segregation of duties over receipts, disbursements, and reconciliations. The former sheriff's office manager received, processed, recorded receipts, prepared checks for tax distribution, and posted payments to the disbursement's ledger. According to the former sheriff, due to the office having a small staff, it was very difficult to segregate duties over receipts and disbursements.

We recommend the sheriff segregate the duties noted above by allowing different deputies to perform them. For those duties that cannot be segregated due to a limited staff size, strong management oversight by the sheriff or designee could be a cost-effective alternative. This oversight should include reviewing daily checkout sheets, daily deposits, and monthly bank

reconciliations. Documentation, such as the sheriff's or designee's initials or signature, should be provided on those items that were reviewed.

Former Sheriff's Response: The former sheriff did not provide a response.

The former Lincoln County Sheriff's Office did not follow internal control procedures related to the safeguarding of assets: The former sheriff did not properly follow established internal control procedures. Funds were maintained in an unsecured location, a drawer was not properly closed out, and two employees utilized the same drawer. The former sheriff had funds totaling \$6,334 go missing on October 28, 2022 and was unable to pay all commissions due to the fee account per the October tax collection report. A claim was filed with the bond company by the former sheriff's office to recoup the funds pending the conclusion of the KSP investigation. Maintaining functioning internal controls and oversight over tax collections and financial reporting is essential for providing protection from asset misappropriation, theft, and inaccurate financial reporting. Good internal controls further ensure proper laws and regulations are followed.

KRS 134.192(7) states, "[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 and shall take receipts as provided in KRS 134.160. The sheriff shall pay any additional amounts charged against him or her as a result of the settlements."

We recommend the former sheriff continue to work with their bonding company to recoup the funds. Additionally, we recommend fully closing out drawers between staff changes and ensuring the safe is always locked to limit access.

Former Sheriff's Response: The former sheriff did not provide a response.

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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