

**REPORT OF THE AUDIT OF THE
FORMER WHITLEY COUNTY
SHERIFF'S SETTLEMENT – 2010 TAXES**

**For The Period
April 16, 2010 Through December 31, 2010**



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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FORMER WHITLEY COUNTY SHERIFF'S SETTLEMENT – 2010 TAXES

**For The Period
April 16, 2010 Through December 31, 2010**

The Auditor of Public Accounts was engaged to complete the audit of the Sheriff's Settlement - 2010 Taxes for the former Whitley County Sheriff for the period April 16, 2010 through December 31, 2010. As a result of this engagement, we have issued a disclaimer of opinion on the former Whitley County Sheriff's Settlement - 2010 Taxes.

Report Comments:

- 2010-01 The Former Sheriff's Office Lacked Adequate Segregation Of Duties Over All Accounting Functions
- 2010-02 The Former Sheriff Should Not Have Collected Taxes Before Signing The Official Receipt
- 2010-03 The Former Sheriff Should Have Settled Taxes For All Prior Years
- 2010-04 The Former Sheriff Should Have Remitted To The Kentucky State Treasurer Tax Escrow Monies Held For More Than Three Years

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Lori H. Flanery, Secretary
Finance and Administration Cabinet
Honorable Pat White Jr., Whitley County Judge/Executive
Honorable Lawrence Hodge, Former Whitley County Sheriff
Honorable Colan Harrell, Whitley County Sheriff
Members of the Whitley County Fiscal Court

Independent Auditor's Report

We were engaged to audit the former Whitley County Sheriff's Settlement - 2010 Taxes for the period April 16, 2010 through December 31, 2010. This tax settlement is the responsibility of the former Whitley County Sheriff.

The former Sheriff did not provide us with a management representation letter and the County Attorney did not provide us with a legal representation letter.

Since we were unable to obtain management and legal representation letters as required by auditing standards, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the former Sheriff's Tax Settlement - 2010 Taxes for the period April 16, 2010 through December 31, 2010.

In accordance with Government Auditing Standards, we have also issued our report April 9, 2012, except for Note 6, as to which date is May 31, 2012, on our consideration of the former Sheriff's internal control over financial reporting and on our tests of 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 and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2010-01 The Former Sheriff's Office Lacked Adequate Segregation Of Duties Over All Accounting Functions
- 2010-02 The Former Sheriff Should Not Have Collected Taxes Before Signing The Official Receipt



To the People of Kentucky
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Members of the Whitley County Fiscal Court

- 2010-03 The Former Sheriff Should Have Settled Taxes For All Prior Years
- 2010-04 The Former Sheriff Should Have Remitted To The Kentucky State Treasurer Tax Escrow Monies Held More Than Three Years

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written in a cursive style.

Adam H. Edelen
Auditor of Public Accounts

April 9, 2012, except for Note 6, as to which date is May 31, 2012.

WHITLEY COUNTY
LAWRENCE HODGE, FORMER SHERIFF
SHERIFF'S SETTLEMENT – 2010 TAXES

For The Period April 16, 2010 Through December 31, 2010

<u>Charges</u>	Special			
	<u>County Taxes</u>	<u>Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 748,653	\$ 1,458,914	\$ 2,653,431	\$ 1,171,511
Tangible Personal Property	107,652	299,982	157,785	325,502
Fire Protection	4,024			
Franchise Taxes	24,464	66,968	97,640	
Additional Billings	5,109	24,143	18,322	8,533
Oil and Gas Property Taxes	16,054	31,284	79,444	25,109
Limestone, Sand, and Mineral Reserves	220	429	1,089	344
Adjusted to Sheriff's Receipt	4,602	12,681	18,071	625
Gross Chargeable to Sheriff	<u>910,778</u>	<u>1,894,401</u>	<u>3,025,782</u>	<u>1,531,624</u>
<u>Credits</u>				
Exonerations	10,773	24,917	48,333	12,900
Discounts	12,166	25,285	37,597	20,946
Transfer to Incoming sheriff				
Real Estate	162,664	315,409	650,213	253,158
Tangible Personal Property	9,908	37,722	33,648	50,921
Total Credits	<u>195,511</u>	<u>403,333</u>	<u>769,791</u>	<u>337,925</u>
Taxes Collected	715,267	1,491,068	2,255,991	1,193,699
Less: Commissions *	<u>30,399</u>	<u>63,370</u>	<u>90,240</u>	<u>50,732</u>
Taxes Due	684,868	1,427,698	2,165,751	1,142,967
Taxes Paid	684,370	1,426,732	2,163,876	1,142,188
Refunds (Current and Prior Year)	<u>498</u>	<u>966</u>	<u>2,042</u>	<u>779</u>
(Refund Due Sheriff)				
as of Completion of Audit	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (167)</u>	<u>\$ 0</u>

**

* Commissions:

 4.25% on \$ 3,400,034
 4% on \$ 2,255,991

** Corbin Independent School \$ (169)
 Whitley County Schools 2
 Total Refund Due Sheriff \$ (167)

The accompanying notes are an integral part of this financial statement

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2010

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 modified cash basis of accounting. 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

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, 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).

Note 2. Deposits

The former Whitley County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2010
(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 Whitley County Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of December 31, 2010, 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, 2010. Property taxes were billed to finance governmental services for the year ended June 30, 2011. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 1, 2010 through December 31, 2010.

B. Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 2010. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. There were no unmined coal tax collections.

C. Oil, Gas, and Limestone Taxes

The real and personal property tax assessments were levied as of January 1, 2010. Property taxes were billed to finance governmental services for the year ended June 30, 2011. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 8, 2010 through December 31, 2010.

Note 4. Interest Income

The former Whitley County Sheriff earned \$1,928 as interest income on 2010 taxes. The former Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the former Sheriff's office. As of February 24, 2012, the former Sheriff owed \$23 in interest to the school districts and \$348 in interest to his fee account.

Note 5. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

As of December 31, 2010, the former Sheriff had an unexplained surplus of \$1,440 in his 2009 tax account. In addition, as of April 15, 2009 the former Sheriff had an unexplained surplus of \$11,857 in his 2008 tax account. In prior years, the former Sheriff deposited unrefundable duplicate payments and unexplained receipts in an interest-bearing account. The following are noted:

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2010
(Continued)

Note 5. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed
(Continued)

- As of April 15, 2010, the former Sheriff's escrow account included \$10,977 for un-refundable duplicate payments and unexplained receipts from tax collection periods prior to the 2003 tax collection period. During the 2010 tax collection period no disbursements were made from this surplus. As of November 30, 2011, the balance in the former Sheriff's escrow account relating to surplus prior to the 2003 tax collection period including additional interest of \$50 was \$11,027.
- As of April 15, 2010, the former Sheriff's escrow account included \$1,578 for un-refundable duplicate payments and unexplained receipts from 2004 tax collections. During the 2010 tax collection period no disbursements were made from this surplus. As of November 30, 2011, the balance in the former Sheriff's escrow account relating to the 2004 tax collection period including additional interest of \$7 was \$1,585.
- As of April 15, 2010, the former Sheriff's escrow account included \$7,460 for un-refundable duplicate payments and unexplained receipts from 2005 tax collections. During the 2010 tax collection period no disbursements were made from this surplus. As of November 30, 2011, the balance in the former Sheriff's escrow account relating to the 2005 tax collection period including additional interest of \$33 was \$7,493.

KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned and abandoned funds are required to be sent to the Kentucky State Treasurer in accordance with KRS 393.110 along with a written report. Currently escrow funds relating to tax collection periods prior to 2008 are due to the Kentucky State Treasurer.

Note 6. Subsequent Event – Fiscal Court Receipt and Disbursement of 2006 and 2007 Bank
Accounts

On March 20, 2012, The Whitley County Fiscal Court received \$6,055 and \$24,803 respectfully from the 2006 and 2007 tax bank accounts of Former Whitley County Sheriff, Lawrence Hodge. The Fiscal Court voted on April 17, 2012, to distribute these funds on a prorated basis to help cover liabilities owed of the former sheriff's office. See the schedules, below, for the prorated payments made from the 2006 and 2007 tax bank accounts. Additional amounts are still due to and from these tax years.

WHITLEY COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2010
 (Continued)

Note 6. Subsequent Event – Fiscal Court Receipt and Disbursement of 2006 and 2007 Bank
 Accounts (Continued)

2006 Taxes:	Amounts
<u>Due To</u>	<u>Due</u>
Taxes Due -	
State	\$ 41
Corbin Independent School	353
Library District	868
Health District	7
Soil District	450
Advertising Fees Due Fiscal Court	40
Refund Due To Franchise Corporation	300
Interest Due to Corbin School	<u>484</u>
Total Due Others	<u><u>2,543</u></u>
Total Funds Available As of 3/23/12	6,055
Less: Additional Interest Accumulated Since the Audit (Due Fiscal Court)	<u>(245)</u>
Remaining Total	5,810
Less: Amounts Due To Others Above	<u>(2,543)</u>
Remaining Balance To Be Counted As Partial Payment Of Amount Due 2007 Tax Acct.	<u><u>\$ 3,267</u></u>
2007 Taxes:	Amounts
<u>Due To</u>	<u>Due</u>
Taxes Due -	
State	\$ 207
Litchfield Cellular (Franchise Overpayment)	512
Bell South Telecommunications (Franchise Overpayment)	25,383
Advertising Costs Due Fiscal Court	<u>196</u>
Total Due Others	<u><u>26,298</u></u>
Total Funds Available As of 3/23/12:	
Balance of 2006 Tax Account Funds	3,267
Balance of 2007 Tax Account	<u>24,803</u>
Total Funds Available As of 3/23/12	28,070
Less: Additional Interest Accumulated Since the Audit (Due Fiscal Court)	(372)
Less: Drug Fund Money Due To Current Sheriff	(1,400)
Less: Amounts Due To Others Above	<u>(26,298)</u>
Remaining Total	<u><u>\$</u></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



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Pat White Jr., Whitley County Judge/Executive
Honorable Lawrence Hodge, Former Whitley County Sheriff
Honorable Colan Harrell, Whitley County Sheriff
Members of the Whitley 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

We were engaged to audit the former Whitley County Sheriff's Settlement - 2010 Taxes for the period April 16, 2010 through December 31, 2010, and have issued our report thereon date, April 9, 2012, except for Note 6, as to which date is May 31, 2012, wherein we disclaimed an opinion on the financial statement because we were not provided management and legal representation letters. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the former Whitley County Sheriff's office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the former Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the former Sheriff's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in the accompanying comments and recommendations as item 2010-01 to be a material weakness.



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)

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the former Whitley County Sheriff's Settlement - 2010 Taxes for the period April 16, 2010 through December 31, 2010, is free of 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 comments and recommendations as items 2010-02, 2010-03, and 2010-04.

This report is intended solely for the information and use of management, the Whitley County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

April 9, 2012, except for Note 6, as to which date is May 31, 2012.

COMMENTS AND RECOMMENDATIONS

WHITLEY COUNTY
LAWRENCE HODGE, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Period April 16, 2010 Through December 31, 2010

INTERNAL CONTROL – MATERIAL WEAKNESS:

2010-01 The Former Sheriff's Office Lacked Adequate Segregation Of Duties Over All Accounting Functions

A lack of adequate segregation of duties existed over all accounting functions. During review of internal controls, we noted that the former Sheriff's bookkeeper collected tax payments, prepared deposits, and prepared daily tax collection journals. The bookkeeper also prepared the monthly reports, prepared and mailed payments to the taxing districts, and prepared monthly bank reconciliations. Although she did not sign any, the bookkeeper also had the authority to sign checks for which dual signatures were not required. The former Sheriff did not provide strong oversight or compensating controls to offset this.

A segregation of duties over various accounting functions, such as opening mail, collecting cash, preparing bank deposits, writing checks, reconciling bank records to the tax collection records and preparing monthly reports or the implementation of compensating controls, when needed because the number of staff is limited, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

Former Sheriff's Response: The former Sheriff did not respond.

STATE LAWS AND REGULATIONS:

2010-02 The Former Sheriff Should Not Have Collected Taxes Before Signing The Official Receipt

Based upon our review of the former Sheriff's bank statements, the former Sheriff's office made its first deposit for the regular 2010 tax collections on November 1, 2010. However, the former Sheriff did not sign the official receipt for regular tax bills until November 8, 2010, eight days after the tax collections began.

KRS 134.119(3)(a) states, "[t]he sheriff shall accept payment from the day on which the tax bills are mailed by the sheriff to the taxpayer as provided in KRS 133.220 and 133.330" KRS 133.220(1) and (2) state, " [t]he department [of Revenue] annually shall furnish to each county clerk tax bill forms designed for adequate accounting control sufficient to cover the taxable property on the rolls. After receiving the forms, the county clerk shall prepare for the use of the sheriff or collector a correct tax bill for each taxpayer in the county whose property has been assessed and whose valuation is included in the certification provided in KRS 133.180." KRS 133.220 (3) states, "[t]ax bills prepared in accordance with the certification of the department [of Revenue] shall be delivered to the sheriff or collector by the county clerk before September 15 of each year. The clerk shall take a receipt showing the number of tax bills and the total amount of tax due each taxing district as shown upon the tax bills. The receipt shall be signed and acknowledged by the sheriff or collector before the county clerk, filed with the county judge/executive, and recorded in the order book of the county judge/executive in the manner required by law for recording the official bond of the sheriff."

WHITLEY COUNTY
LAWRENCE HODGE, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Period April 16, 2010 Through December 31, 2010
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2010-02 The Former Sheriff Should Not Have Collected Taxes Before Signing The Official Receipt (Continued)

Former Sheriff's Response: The former Sheriff did not respond.

2010-03 The Former Sheriff Should Have Settled Taxes For All Prior Years

During the 2010 tax settlement audit, we followed up on prior year tax settlement audits to determine whether the former Sheriff had deposited all deficit amounts from personal funds, obtained all refunds due from the taxing districts, and paid all additional amounts due. We obtained and reviewed bank statements for the 2005, 2006, 2007, 2008 and 2009 tax accounts from the dates the audits were completed through December 2011. We noted the following:

- As of November 30, 2011, the former Sheriff's 2005 tax account had a balance of \$1,107 which included \$1 of interest accrued since the audit. Based on our follow-up, receivables of \$2,091 remained uncollected and liabilities totaling \$20,620 had not been paid. In addition the former Sheriff had not deposited personal funds to eliminate the reported known deficit of \$17,422.
- As of December 14, 2011, the former Sheriff's 2006 tax account had a balance of \$6,041. This balance included \$232 in additional interest earned on the account balance since the audit was completed. This additional interest should be paid to the fiscal court. Based on our follow-up, receivables of \$4,171 remained uncollected and liabilities totaling \$67,835 had not been paid. In addition, the former Sheriff had not deposited personal funds to eliminate the reported known deficit of \$54,444. The Sheriff expended an additional \$2,784 for a refund to a taxpayer and an additional \$395 to the county court clerk for a 2006 tax bill that was turned over as delinquent but had been paid to the former Sheriff during the 2006 tax collection period. Since these additional expenditures were not accounted for when the 2006 tax audit was completed, the known deficit increased to \$57,623.
- As of December 14, 2011, the former Sheriff's 2007 tax account had a balance of \$24,746. This balance included \$372 in additional interest earned on the account balance since the audit was completed and \$281 for a 2005 tax refund due. The additional interest should be paid to the fiscal court and the 2005 tax refund should be transferred to the 2005 tax account. Based on our follow-up, receivables of \$37,454 had not been transferred from the 2006 and 2008 fee accounts and liabilities totaling \$149,790 had not been paid. In addition, the former Sheriff had not deposited personal funds to eliminate the reported known deficit of \$87,590.
- As of November 30, 2011, the former Sheriff's 2008 tax account had a balance of \$9,149. This balance included \$25 in additional interest earned on the account since the 2008 audit was completed. This additional interest should be paid to the fiscal court. Based on our follow-up, receivables of \$14,717 remained uncollected and liabilities of \$12,009 had not been paid. In addition, the former Sheriff had not deposited an unexplained surplus of \$11,857 into an interest bearing escrow account.

WHITLEY COUNTY
LAWRENCE HODGE, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Period April 16, 2010 Through December 31, 2010
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2010-03 The Former Sheriff Should Have Settled Taxes For All Prior Years (Continued)

- As of November 30, 2011, the former Sheriff's 2009 tax account had a balance of \$1,754. This balance included \$13 in additional interest earned on the account since the 2009 audit was completed. This additional interest should be paid to the fiscal court. Based on our follow-up, receivables of \$300 remained uncollected and liabilities of \$614 had not been paid. In addition, the former Sheriff had not deposited an unexplained surplus of \$1,440 into an interest bearing escrow account.

We recommend the former Sheriff settle all prior year taxes by depositing personal funds for all known deficit amounts, obtaining refunds for all amounts due from the taxing districts, paying all amounts due, and transferring amounts due from other accounts for each tax year. We also recommend that once all amounts due to the 2008 and 2009 accounts have been deposited and all liabilities paid, the former Sheriff transfer the surplus to the current Sheriff to be escrowed.

Former Sheriff's Response: The former Sheriff did not respond.

2010-04 The Former Sheriff Should Have Remitted To The Kentucky State Treasurer Tax Escrow Monies Held For More Than Three Years

As of November 30, 2011, the former Sheriff had funds totaling \$21,846 in his tax escrow accounts held for more than three (3) years. When the 2005 tax settlement audit was completed, auditors determined that \$1,741 of this amount was due to the 2005 tax account. The remaining \$20,105 is unexplained surplus funds from prior year's tax collection periods which have been held in escrow for more than three (3) years. We recommend the former Sheriff transfer \$1,741 from his tax escrow account to the 2005 tax account and send the remaining \$20,105 (plus any additional accumulated interest) to the Kentucky State Treasurer in accordance with KRS 393.110.

Former Sheriff's Response: The former Sheriff did not respond.