

**REPORT OF THE AUDIT OF THE  
FULTON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2024**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT ..... 1

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS ..... 4

NOTES TO FINANCIAL STATEMENT ..... 5

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* ..... 11

SCHEDULE OF FINDINGS AND RESPONSES ..... 15

THIS PAGE LEFT BLANK INTENTIONALLY



**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

Independent Auditor's Report

The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Chad Allen Parker, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

**Report on the Audit of the Financial Statement**

**Opinions**

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Fulton County, Kentucky, for the year ended December 31, 2024, 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 receipts, disbursements, and excess fees of the Fulton County Sheriff for the year ended December 31, 2024, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws 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 financial position of the Fulton County Sheriff, as of December 31, 2024, or changes in financial position or cash flows thereof for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States, and the *Audit Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. 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 Fulton County Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Chad Allen Parker, Fulton County Sheriff  
Members of the Fulton 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 Fulton County Sheriff on the basis of the 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 this 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton County Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and GAS, 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 Fulton 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 Fulton County Sheriff's ability to continue as a going concern for a reasonable period of time.

The Honorable Jim Martin, Fulton County Judge/Executive  
The Honorable Chad Allen Parker, Fulton County Sheriff  
Members of the Fulton 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 audit findings, and certain internal control-related matters that we have identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2025, on our consideration of the Fulton County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 Fulton 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:

- 2024-001 The Fulton County Sheriff’s Office Lacks Adequate Segregation Of Duties
- 2024-002 The Fulton County Sheriff’s Fourth Quarter Financial Statement Was Materially Misstated

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

October 2, 2025

FULTON COUNTY  
 CHAD ALLEN PARKER, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2024

Receipts

|   |           |         |
|---|-----------|---------|
| State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF) | \$        | 19,853  |
| State Fees For Services:  |           |         |
| Finance and Administration Cabinet                                | \$ 52,923 |         |
| Sheriff Security Service  | 4,991     | 57,914  |
| Circuit Court Clerk:  |           |         |
| Fines and Fees Collected  |           | 1,898   |
| County Clerk - Delinquent Taxes                                   |           | 6,870   |
| Commission On Taxes Collected                                     |           | 143,556 |
| Fees Collected For Services:                                      |           |         |
| Auto Inspections  | 3,135     |         |
| Accident and Police Reports                                       | 160       |         |
| Serving Papers  | 10,888    |         |
| Carry Concealed Deadly Weapon Permits                             | 840       |         |
| Local Transports (Jail)   | 910       |         |
| Mental Health   | 645       |         |
| Return of Fugitive  | 7,814     | 24,392  |
| Other:  |           |         |
| Add-On Fees   | 12,067    |         |
| Miscellaneous   | 2         |         |
| Feeding The Jury  | 679       |         |
| Traffic School  | 45        | 12,793  |
| Interest Earned   |           | 942     |
| Total Receipts  |           | 268,218 |
| Excess Fees Due County for 2024                                   |           | 268,218 |
| Payments to Fiscal Court - Monthly                                |           | 268,218 |
| Balance Due Fiscal Court at Completion of Audit                   | \$        | 0       |

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

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2024

Note 1. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Authority for the regulatory basis is found in Kentucky Revised Statutes (KRS).

The Department for Local Government (DLG) is the regulatory agency responsible for establishing minimum accounting requirements for local government entities. The commissioner of the DLG is designated as the state local finance officer. (KRS 68.001). The DLG must prescribe and maintain “a uniform system of accounting and reporting on the receipt, use and handling of all public funds, other than taxes, due and payable to the state” from local government entities. (KRS 46.010(1)). The state local finance officer supervises the administration of the county uniform budget system and accounts and financial operations and must prescribe a “uniform system of accounts for all counties and county officials.” (KRS 68.210). Under this authority, the DLG requires local governments to follow guidelines set forth in its *County Budget Preparation and State Local Finance Officer Policy Manual* (Manual) to meet the minimum required reporting for financial statement purposes.

The regulatory basis is outlined in the Manual and defines the measurement, presentation, disclosure, and recognition requirements for financial transactions when preparing regulatory basis financial statements. The Manual includes the standardized format for quarterly reporting to DLG.

Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) as of December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2024 services
- Reimbursements for 2024 activities
- Payments due to other governmental entities for December tax and fee collections and payroll
- Payments due to vendors for goods or services provided in 2024

B. Fee Pooling

The Fulton Sheriff’s Office is required by the fiscal court to participate in a fee pooling system. Fee officials who are required to participate in fee pooling deposit all funds collected into their official operating account. The sheriff is responsible for paying all amounts collected for others, similar statutory payments, and any other costs allowed by the fiscal court order. Residual funds are then paid to the county treasurer on a monthly basis. The sheriff’s office submits invoices to the county treasurer for payment of the sheriff’s operating expenses by the fiscal court.

C. Measurement Focus and Excess Fees

The measurement focus of a fee official’s financial statement is upon current financial resources. A sheriff must remit to the fiscal court any income of his or her office, including the income from investments, that exceeds the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants, when making his or her annual settlement. (KRS 134.192(12)). This settlement is due to the fiscal court by March 15 of each year. (KRS 134.192(11)). An outgoing sheriff shall make a final settlement with the fiscal court by March 15 immediately following the expiration of his or her term of office. (KRS 64.830). The fiscal court shall collect any amount due from the sheriff as determined by the audit. (KRS 64.820).

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2024  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

A fee official uses a fund to report on the results of operations. 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.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

E. 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).

Note 2. Employee Retirement System and Other Post-Employment Benefits

The sheriff's office has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which has been governed by the CERS nine-member board of trustees since April 1, 2021. The Kentucky Public Pensions Authority (KPPA) was created by KRS 61.505, effective April 1, 2021, to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems. CERS is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions, vesting requirements, and provisions are established by statute and are determined by participation date and hazardous or non-hazardous participation.

The county's contribution rate for nonhazardous employees for calendar year 2024 was 23.34% for the first six months and 19.71% for the last six months.

Other Post-Employment Benefits (OPEB)

CERS provides post-retirement health care, cost of living adjustments for all recipients of retirement benefits, and a retired member's death benefit, all determined by participation date and hazardous or non-hazardous participation.

Specific details about retiree pension and OPEB benefits can be found online at: <https://www.kyret.ky.gov/Publications>.

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2024  
(Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Kentucky Public Pension Authority's Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. Many of these annual reports are available online at <https://kyret.ky.gov>. Reports may also be obtained by writing the KPPA, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation, as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 3. Deposits

The Fulton County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Manual. The 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.

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 Fulton County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the Manual. As of December 31, 2024, all deposits were covered by a properly executed collateral security agreement.

Note 4. On Behalf Payments

The Fulton County Sheriff's Office is required by the Fulton County Fiscal Court to participate in a fee pooling system. Since the sheriff is fee pooling, the fiscal court pays the sheriff's statutory maximum as required by KRS 64.5275. The Fulton County Sheriff was paid the statutory maximum of \$95,234 for the year ended December 31, 2024.

Note 5. Drug Forfeiture Account

The Fulton County Sheriff maintains a drug forfeiture account. The account is to be funded by court-ordered forfeitures of money, proceeds from the sale of forfeited property, or interest earned on these funds. The funds are restricted under state regulations and are to be used for various law enforcement operations, equipment, and education to fight against drug problems in the county. As of January 1, 2024, the drug account had a balance of \$30,045. During the year, receipts totaled \$8,607 and disbursements totaled \$13,627. As of December 31, 2024, the balance of the account was \$25,025.

FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2024  
(Continued)

Note 6. Fiduciary Account - Evidence Holding Account

The Fulton County Sheriff deposited cash evidence into a custodial bank account. These funds are held until a resolution in the form of a court order is received. The funds are then remitted in accordance with the court order. The account had a beginning balance of \$27,775 with receipts of \$8,173 and \$8,377 of disbursements for calendar year 2024. The account balance was \$27,571 as of December 31, 2024.

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*

THIS PAGE LEFT BLANK INTENTIONALLY



ALLISON BALL  
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 Jim Martin, Fulton County Judge/Executive  
The Honorable Chad Allen Parker, Fulton County Sheriff  
Members of the Fulton County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Fulton County Sheriff for the year ended December 31, 2024, and the related notes to the financial statement and have issued our report thereon dated October 2, 2025. The Fulton 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 Fulton 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 Fulton County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton 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 over financial reporting 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 2024-001 and 2024-002 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 Fulton County Sheriff's financial statement 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 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 2024-002.

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

*Government Auditing Standards* require the auditor to perform limited procedures on the Fulton County Sheriff's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Fulton County Sheriff's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

**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,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

October 2, 2025

## SCHEDULE OF FINDINGS AND RESPONSES

THIS PAGE LEFT BLANK INTENTIONALLY

FULTON COUNTY  
CHAD ALLEN PARKER, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2024

2024-001 The Fulton County Sheriff's Office Lacks Adequate Segregation Of Duties

---

The Fulton County Sheriff's Office lacks adequate segregation of duties. The bookkeeper is responsible for collecting receipts, preparing daily checkout sheets, preparing deposits, posting transactions to the ledgers, preparing and signing checks, reconciling the bank statements, and preparing monthly and quarterly reports. The sheriff has implemented compensating controls such as review of daily checkout sheets, comparison to deposits and tracing to receipts ledger. Sheriff or designee also reviews monthly bank reconciliations. However, these controls were not sufficient to prevent the fourth quarter financial statement from being materially misstated. According to the sheriff, this condition is the result of a limited budget, which restricts the number of employees the sheriff can hire or delegate duties to. A lack of segregation of duties increases the risk of misappropriation of assets and inaccurate financial reporting.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

A properly designed internal control environment exists when the design or operation of a control allows management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. The best way to achieve a properly designed internal control environment is to segregate the duties of authorization, recording and physical access to assets, which is essential for providing protection from asset misappropriation and reasonable assurance that the financial information is reliable, accurate and timely.

We recommend the sheriff segregate the duties noted above by allowing different employees to perform these functions. If this is not feasible due to a limited number of staff, the sheriff should continue performing the compensating controls that have been implemented and working effectively.

*Sheriff's Response: Due to the limited size of our office and the current budget allocated by the Fulton County Fiscal Court, we are not financially positioned to employ additional administrative staff. As a result, we are unable to assign multiple personnel to handle accounting functions.*

*Despite this constraint, we have implemented compensating controls to ensure the integrity of our financial processes. These include checks and balances carried out by the Sheriff and Deputies, along with clearly defined roles and responsibilities designed to promote transparency, accountability, and operational integrity.*

*While full segregation of duties is ideal, it is often not feasible in smaller agencies with limited resources—a challenge common across the Commonwealth. The most effective long-term solution would be an increase in staffing to allow for a more complete separation of financial responsibilities.*

FULTON COUNTY  
CHAD ALLEN PARKER, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-002 The Fulton County Sheriff's Fourth Quarter Financial Statement Was Materially Misstated

The Fulton County Sheriff's Fourth Quarter Financial Statement was materially misstated. The sheriff's fourth quarter financial statement overstated commissions on taxes collected by \$12,724, and understated state fees for service by \$12,686. Additionally, eight other line items had small variances when compared to the sheriff's ledgers. The overall total of receipts was accurate; however, the line items were not posted correctly. According to the bookkeeper, this is due to a formula error on the spreadsheet used to take totals from the ledgers and create the fourth quarter financial statement.

Due to a lack of segregation of duties over the recordkeeping and reporting functions, the aforementioned errors occurred without being detected and corrected, thereby causing the fourth quarter financial statement to be materially misstated. Additionally, there is an increased risk of misappropriation, and the sheriff is not in compliance with KRS 68.210 and the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Strong and systematic internal controls over recordkeeping and reporting are vital to ensuring receipts and disbursements ledgers are maintained accurately and financial reports properly reflect the operating activities associated with that period.

Additionally, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Fee officials use a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

We recommend the Fulton County Sheriff strengthen internal controls over the recordkeeping and reporting functions of the office. Strict and systematic controls over checkout procedures and report preparations should be implemented. We further recommend that the sheriff compare the ledgers to the quarterly financial reports to ensure that they agree.

*Sheriff's Response: To help minimize the potential for errors, the bookkeeper maintains dual records—using both [software name redacted] and a manual Excel spreadsheet—as a redundancy measure. While this system enhances accuracy, it is not entirely error-proof.*

*In this instance, a daily deposit was inadvertently entered under the incorrect line item in the manual Excel record. As a result, one category reflected an overage while another showed a corresponding deficiency. It's important to note that all funds were properly accounted for; this was a clerical error with no impact on the actual financial totals.*