Auditor of
Public Accounts
Allison Ball

Hancock County Sheriff's

Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2024 taxes for Hancock County Sheriff Ralph D. Bozarth. 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 the 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 sheriff's financial statement fairly presents the taxes charged, credited, and paid for the period September 1, 2024 through August 31, 2025 in conformity with the regulatory basis of accounting.

Finding: The Hancock County Sheriff's Office Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Bank Reconciliations

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Hancock County Sheriff's office has a lack of segregation of duties over the receipt and disbursement functions and preparing the bank reconciliations. The bookkeeper is responsible for the collection of cash, preparation of the daily deposit, and preparing the bank reconciliations. She is also responsible for the preparation of monthly reports and issuance of monthly tax distribution checks to each taxing district.

Recommendations

We recommend the sheriff separate the duties over the receipt and disbursement functions and preparation of bank reconciliations. If this is not possible, due to limited number of staff, then strong oversight over those areas should occur and involve the sheriff or an employee not currently performing any of those functions. The individual providing this oversight should initial source documents as evidence of this review.

County Officials Response

Sheriff's Response: Due to lack of staffing, we are unable to segregate the duties.

Finding: The Hancock County Sheriff's Tax Settlement For 2024 Was Materially Misstated

The Hancock County Sheriff's 2024 tax settlement did not accurately reflect all tax charges and credits associated with 2024 property and franchise tax collection period. Franchise tax collections for the periods of May 2024 through September 2024 totaling $403,617 and the corresponding payments of $308,212 were omitted from the 2024 tax settlement.

Recommendations

We recommend the sheriff strengthens internal controls over the preparation of the annual tax settlement, which may include a thorough review of the tax settlement by an individual not involved in its preparation to help detect any misstatements that might occur.

County Officials Response

Sheriff's Response: Some franchises were omitted by accident when completing settlement.

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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