



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

July 31, 2025

Senator Chris McDaniel, Co-Chairman
Representative Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations & Revenue

Dear Co-Chairs and Members:

This report is provided in accordance with House Bill 6 of the 2024 Regular Session, which provides funding for the Outlier Audit Assistance (OAA) Program. For every audit qualifying for a disbursement under the OAA Program, HB 6 further directs the Auditor of Public Accounts to provide this Committee with a report detailing the reason for the outlier expense.

This OAA Program is designed to assist counties when a county clerk or sheriff's audit, conducted pursuant to KRS 43.070(1)(a)2., costs more than 150% of the average cost for an audit of that type. The impetus for the program was a recognition that fiscal courts are ultimately responsible for paying the cost of these audits, although they have limited ability to control the operations of the county clerk or sheriff's office, and these fiscal courts were faced with larger costs than they would have reasonably expected when budgeting. As this report will reflect, these higher-than-average costs can occur for a variety of reasons.

This report will cover the audits qualifying for disbursement under the program that were billed during fiscal year 2024-2025.

Please do not hesitate to contact my office should you have questions or require additional information regarding the OAA Program.

Sincerely,

Allison Ball
Auditor of Public Accounts



A. Introduction

The Outlier Audit Assistance (OAA) Program was established and funded pursuant to the following language of House Bill 1 of the 2022 Regular Session:

Outlier Audit Assistance Program: Included in the above General Fund appropriation is \$500,000 in fiscal year 2022-2023 and \$250,000 in fiscal year 2023-2024 to support the establishment of the Outlier Audit Assistance Program. Beginning with fiscal year 2018-2019, the Auditor of Public Accounts shall calculate the annual average cost of audits conducted pursuant to KRS 43.070(1)(a)2. by audit type. Beginning with audits billed during fiscal year 2019-2020 or thereafter, any such audit with a cost exceeding the threshold of 150 percent of the average cost for its type in the preceding fiscal year shall be deemed an outlier audit. If a county has paid the cost of the outlier audit up to the amount of the threshold set out in this subsection, the county shall be eligible for a credit from the Outlier Audit Assistance Program for audit costs that exceed the threshold. For every audit qualifying for disbursement, the auditor shall provide a detailed report for the reason for the outlier expense to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

Funds continued to be appropriated for the fiscal year 2024-2025 in the amount of \$250,000 to support the Outlier Audit Assistance Program.

As noted in the preceding letter, the program is designed to assist county governments when they are faced with higher-than-average audit costs related to the mandatory annual audits of their county clerk or sheriff.

B. Eligible Audit Types

The OAA Program applies to audits conducted pursuant to KRS 43.070(1)(a)2., which includes the following audit types and their corresponding abbreviations used in this report:

- County Clerks' Fee Audit (FEC)
- Sheriffs' Fee Audit (FES)
- Sheriffs' Tax Settlement Audit (STS)

An "I" or "O" preceding the abbreviation indicates the audit involved an "incoming" or "outgoing" official, respectively.

FEC and FES audits are performed annually on a calendar year basis. STS audits are also performed annually, and the audit covers a set period of time in which ad valorem taxes were collected.

C. Calculation of Average

As directed in the establishing language for the program, the Auditor of Public Accounts has calculated the following as the annual average costs by audit type beginning with fiscal year 2018-2019. The chart below reflects both the average amount by audit type and the 150% threshold amount that must be paid by the county to trigger eligibility for OAA Program funds:

| | Average Cost | 150% Of The The Average |
|---------------------------------------|---------------------|------------------------------------|
| FY19 Billed Clerk Fee Audits | \$ 10,887.36 | \$ 16,331.04 |
| FY20 Billed Clerk Fee Audits | \$ 11,421.17 | \$ 17,131.75 |
| FY21 Billed Clerk Fee Audits | \$ 10,829.59 | \$ 16,244.38 |
| FY22 Billed Clerk Fee Audits | \$ 10,878.76 | \$ 16,318.14 |
| FY23 Billed Clerk Fee Audits | \$ 4,771.73 | \$ 7,157.60 |
| FY24 Billed Clerk Fee Audits | \$ 5,739.70 | \$ 8,609.56 |
| FY25 Billed Clerk Fee Audits | \$ 11,479.41 | \$ 17,219.11 |
| | | |
| FY19 Billed Sheriff Fee Audits | \$ 11,961.02 | \$ 17,941.53 |
| FY20 Billed Sheriff Fee Audits | \$ 13,501.86 | \$ 20,252.80 |
| FY21 Billed Sheriff Fee Audits | \$ 10,816.52 | \$ 16,224.77 |
| FY22 Billed Sheriff Fee Audits | \$ 11,213.08 | \$ 16,819.62 |
| FY23 Billed Sheriff Fee Audits | \$ 5,494.85 | \$ 8,242.27 |
| FY24 Billed Sheriff Fee Audits | \$ 5,054.13 | \$ 7,581.19 |
| FY25 Billed Sheriff Fee Audits | \$ 10,108.26 | \$ 15,162.39 |
| | | |
| FY19 Billed STS Audits | \$ 11,593.02 | \$ 17,389.53 |
| FY20 Billed STS Audits | \$ 11,532.14 | \$ 17,298.21 |
| FY21 Billed STS Audits | \$ 10,153.39 | \$ 15,230.09 |
| FY22 Billed STS Audits | \$ 9,728.34 | \$ 14,592.52 |
| FY23 Billed STS Audits | \$ 5,677.70 | \$ 8,516.54 |
| FY24 Billed STS Audits | \$ 4,716.51 | \$ 7,074.76 |
| FY25 Billed STS Audits | \$ 9,433.02 | \$ 14,149.53 |

Please note that average audit costs calculated for FY23 and FY24 are based on a 50% of cost billing rate, while costs for other fiscal years are based on a 100% of cost billing rate, as, unlike for other fiscal years, the 2022 biennial budget bill contained language providing for 50% of cost billing for all county audits for FY23 and FY24. Ky. Acts Ch. 199, Part I.A.22(6) (2022 HB 1).

D. Audits Eligible for OAA Program Credits During Fiscal Year 2025

The following chart reflects the audits released and billed during FY2025 that meet the criteria established to be eligible for a credit under the OAA Program. The applicable credits may be awarded from the \$250,000 appropriated for the program in FY2025, so long as the threshold payments are met to qualify for receipt of OAA Program credits.

| County | Audit Type | Audit Year | Audit Release Date | Amount Billed | 150% Of The Average Bill | Eligible Credit Per Audit |
|---------------|-------------------|-------------------|---------------------------|----------------------|---------------------------------|----------------------------------|
| Boone | STS | 2022 | 10/29/2024 | 19,253.34 | 14,149.53 | \$ 5,103.81 |
| Boyd | OSTS | 2022 | 10/29/2024 | 22,100.22 | 14,149.53 | \$ 7,950.69 |
| Boyd | ISTS | 2022 | 10/29/2024 | 20,123.81 | 14,149.53 | \$ 5,974.28 |
| Boyd | FES | 2023 | 5/21/2025 | 22,870.15 | 15,162.39 | \$ 7,707.76 |
| Breathitt | FEC | 2023 | 6/4/2025 | 30,026.33 | 17,219.11 | \$ 12,807.22 |
| Calloway | STS | 2022 | 8/30/2024 | 18,189.05 | 14,149.53 | \$ 4,039.52 |
| Casey | FES | 2023 | 1/8/2025 | 15,414.40 | 15,162.39 | \$ 252.01 |
| Elliot | FEC | 2023 | 5/21/2025 | 20,073.92 | 17,219.11 | \$ 2,854.81 |
| Fayette | STS | 2022 | 9/5/2024 | 14,370.65 | 14,149.53 | \$ 221.12 |
| Franklin | FES | 2023 | 1/17/2025 | 17,451.35 | 15,162.39 | \$ 2,288.96 |
| Greenup | STS | 2022 | 10/29/2024 | 22,607.87 | 14,149.53 | \$ 8,458.34 |
| Hardin | STS | 2022 | 9/5/2024 | 16,455.20 | 14,149.53 | \$ 2,305.67 |
| Hardin | FES | 2023 | 3/27/2025 | 16,452.41 | 15,162.39 | \$ 1,290.02 |
| Hopkins | STS | 2022 | 10/29/2024 | 17,139.60 | 14,149.53 | \$ 2,990.07 |
| Jackson | FES | 2023 | 5/7/2025 | 31,204.25 | 15,162.39 | \$ 16,041.86 |
| Jackson | STS | 2023 | 6/4/2025 | 14,213.85 | 14,149.53 | \$ 64.32 |
| Jefferson | STS | 2022 | 2/7/2025 | 15,522.85 | 14,149.53 | \$ 1,373.32 |
| Johnson | ISTS | 2022 | 2/7/2025 | 16,663.20 | 14,149.53 | \$ 2,513.67 |
| Larue | FEC | 2023 | 4/11/2025 | 25,810.07 | 17,219.11 | \$ 8,590.96 |
| Laurel | STS | 2023 | 4/11/2025 | 14,321.71 | 14,149.53 | \$ 172.18 |
| Lincoln | IFEC | 2023 | 4/23/2025 | 36,198.33 | 17,219.11 | \$ 18,979.22 |
| Magoffin | FEC | 2023 | 5/21/2025 | 21,462.77 | 17,219.11 | \$ 4,243.66 |
| Martin | STS | 2022 | 2/7/2025 | 19,621.47 | 14,149.53 | \$ 5,471.94 |
| Owsley | FES | 2023 | 3/27/2025 | 16,667.15 | 15,162.39 | \$ 1,504.76 |
| Russell | FEC | 2023 | 10/18/2024 | 17,489.95 | 17,219.11 | \$ 270.84 |
| | | | | | | \$ 123,471.01 |

E. Description of Reasons for Outlier Expense

Boone County Sheriff – 2022 STS

Boone County has numerous taxing districts, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts. There were also other corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boone/2022BooneSTS-audit.pdf>

Boyd County Sheriff – 2022 OSTs

The audit report describes the finding itemized below. Boyd County has numerous taxing districts, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts. There were also other corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Reported Findings:

- 2022-001 The Former Boyd County Sheriff's Office Lacked Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boyd/2022BoydOSTS-audit.pdf>

Boyd County Sheriff – 2022 ISTS

The audit report describes the finding itemized below. Boyd County has numerous taxing districts, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts. There were also other corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Reported Findings:

- 2022-001 The Boyd County Sheriff's Office Lacks Adequate Segregation Of Duties

Link to Audit Report <https://www.auditor.ky.gov/Auditreports/Boyd/2022BoydISTS-audit.pdf>

Boyd County Sheriff – 2023 FES

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate financial report required additional auditor time.

Reported Findings:

- 2023-001 The Sheriff's Fourth Quarter Report Was Materially Misstated And Required Numerous Adjustments
- 2023-002 The Sheriff's Office Lacks Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Boyd/2023BoydFES-audit.pdf>

Breathitt County Clerk – 2023 FEC

The audit report describes the finding itemized below. Issues such as not having proper controls of the ledgers required additional auditor time to ensure the financial statements were materially accurate.

Reported Findings:

- 2023-001 The County Clerk's Office Has Poor Internal Controls Over The Receipts And Disbursements Ledgers

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Breathitt/2023BreathittFEC-audit.pdf>

Calloway County Sheriff – 2022 STS

The audit report describes the finding itemized below. There were also other corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Reported Findings:

- 2022-001 The Calloway County Sheriff's Office Did Not Distribute Tax Collections In Accordance With Statute

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Calloway/2022CallowaySTS-audit.pdf>

Casey County Sheriff – 2023 FES

The audit report describes the finding itemized below. Issues such as failing to have an adequate control over disbursements and forfeiture accounts required additional auditor time.

Reported Findings:

- 2023-001 The Casey County Sheriff's Office Does Not Have Proper Internal Controls Over Forfeiture Accounts

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Casey/2023CaseyFES-audit.pdf>

Elliot County Clerk – 2023 FEC

The audit report describes the findings, which are itemized below. Issues such as failing to maintain proper accounting records, making late deposits, and not settling the prior year accounts required additional auditor time. Findings in this audit were referred to the Department of Revenue, Office of the Attorney General, and the Department for Local Government.

Reported Findings:

- 2023-001 The Elliott County Clerk Is Not Fulfilling Her Duties As An Elected County Official
- 2023-002 The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Receipts And Disbursements
- 2023-003 The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government And It Contained Material Errors
- 2023-004 The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court
- 2023-005 The Elliott County Clerk Did Not Remit Payment on Delinquent Tax Bills To Taxing Districts Timely And Owes \$41,178 To Taxing Districts
- 2023-006 The Elliott County Clerk Did Not Remit Affordable Housing Or Legal Process Payments To The State Timely
- 2023-007 The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance
- 2023-008 The Elliott County Clerk Did Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees
- 2023-009 The Elliott County Clerk Has Not Settled The 2020, 2021, Or 2022 Fee Accounts

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Elliott/2023ElliottFEC-audit.pdf>

Fayette County Sheriff – 2022 STS

Fayette County Sheriff's 2022 tax collection had an additional school tax collection cycle, which required additional auditor time to audit, due to the additional bank accounts, monthly reports, and settlement.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Fayette/2022FayetteSTS-audit.pdf>

Franklin County Sheriff – 2023 FES

The audit report describes the finding itemized below. Issues such as failing to have an accurate financial report required additional auditor time.

Reported Findings:

- 2023-001 The Franklin County Sheriff’s Fourth Quarter Report Was Materially Misstated

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Franklin/2023FranklinFES-audit.pdf>

Greenup County Sheriff – 2022 STS

Greenup County has a large number of taxing districts, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts. Also, the audit describes the finding itemized below.

Reported Findings:

- 2022-001 The Greenup County Sheriff’s Office Lacks Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Greenup/2022GreenupSTS-audit.pdf>

Hardin County Sheriff – 2022 STS

There were corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Hardin/2022HardinSTS-audit.pdf>

Hardin County Sheriff – 2023 FES

Like other counties with a population over 70,000, Hardin County is subject to Section 106 of the Kentucky Constitution and various provisions of KRS Chapter 64, which require that 75% of fees collected be remitted to the state treasury, with the Finance and Administration Cabinet then managing and disbursing those funds to pay the expenses of the county. The audits of “Over 70 County” officials often tend to require additional time due to a combination of the larger size and complexity of the offices, greater amount of funds, and additional procedures required for these audits

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Hardin/2023HardinFES-audit.pdf>

Hopkins County Sheriff – 2022 STS

There were corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Hopkins/2022HopkinsSTS-audit.pdf>

Jackson County Sheriff – 2023 FES

The audit report describes the findings itemized below. Issues such as failing to have an accurate financial report and not having proper controls over payroll required additional auditor time.

Reported Findings:

- 2023-001 The Jackson County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts, Bank Reconciliations, And Disbursements
- 2023-002 The Jackson County Sheriff's Office Lacks Adequate Internal Controls Over The Reporting Process
- 2023-003 The Jackson County Sheriff's Fourth Quarter Financial Statement Was Materially Misstated
- 2023-004 The Jackson County Sheriff's Office Did Not Properly Handle Receipts
- 2023-005 The Jackson County Sheriff Did Not Have Proper Controls Over The Payroll Process

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Jackson/2023JacksonFES-audit.pdf>

Jackson County Sheriff – 2023 STS

The audit report describes the findings, which are itemized below. The issues noted required additional auditor time to ensure the sheriff settlement was accurate.

Reported Findings:

- 2023-001 The Jackson County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts And Disbursements
- 2023-002 The Jackson County Sheriff's Office Did Not Prepare Daily Checkouts Or Make Daily Deposits
- 2023-003 The Jackson County Sheriff Has Not Settled The 2023 Tax Account
- 2023-004 The Jackson County Sheriff's Office Did Not Accurately Pay Commissions, Add-On Fees, Or Interest To The Fee Account

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Jackson/2023JacksonSTS-audit.pdf>

Jefferson County Sheriff – 2022 STS

Jefferson County has a large number of taxing districts and collects over one billion dollars in taxes, which means additional time was needed to complete the audit and ensure the accuracy of the tax payments distributed to all the districts

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Jefferson/2022JeffersonSTS-audit.pdf>

Johnson County Sheriff – 2022 ISTS

The audit report describes the finding itemized below. There were also other corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Reported Findings:

- 2022-001 The Sheriff's Office Did Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Johnson/2022JohnsonISTS-audit.pdf>

LaRue County Clerk – 2023 FEC

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate financial report required additional auditor time.

Reported Findings:

- 2023-001 The LaRue County Clerk's Office Does Not Have Adequate Segregation Of Duties Over Receipts, Disbursements, And Reconciliations
- 2023-002 The LaRue County Clerk's Fourth Quarter Report And Ledgers Were Materially Misstated

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/LaRue/2023LaRueFEC-audit.pdf>

Laurel County Sheriff – 2023 STS

There were corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Laurel/2023LaurelSTS-audit.pdf>

Lincoln County Clerk – 2023 IFEC

The audit report describes the findings, which are itemized below. Issues related to the lack of controls over payroll required additional auditor time. Also, due to the passing of the former clerk on February 27, 2023, the county had to appoint an interim county clerk to serve until the election. This caused an unusual circumstance of having to have an additional audit that is normally not needed. Therefore, the interim and incoming clerk audit billing was combined.

Reported Findings (Interim)

- 2023-001 The Former Lincoln County Clerk Has Questioned Costs Of \$52,500 In His 2023 Fee Account
- 2023-002 The Former Lincoln County Clerk's Office Lacked Adequate Internal Controls Over Payroll
- 2023-003 The Former Lincoln County Clerk's Office Lacked Adequate Controls Over The Accounting Functions

Reported Findings (Incoming)

- 2023-001 The Lincoln County Clerk's Office Lacks Adequate Segregation Of Duties
- 2023-002 The Lincoln County Clerk's Office Does Not Have Adequate Controls Over The Payroll Process

Links to Audit Reports: <https://www.auditor.ky.gov/Auditreports/Lincoln/2023LincolnFEC-audit.pdf>,
<https://www.auditor.ky.gov/Auditreports/Lincoln/2023LincolnIFEC-audit.pdf>

Magoffin County Clerk – 2023 FEC

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate financial report required additional auditor time.

Reported Findings:

- 2023-001 The Magoffin County Clerk's Office Does Not Have Adequate Segregation Of Duties
- 2023-002 The Magoffin County Clerk's Fourth Quarter Financial Report Was Inaccurate
- 2023-003 The Magoffin County Clerk Has A Deficit Of \$6,051 In Her 2023 Fee Account
- 2023-004 The Magoffin County Clerk Has A Deficit Of \$9,523 In Her 2022 Fee Account

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Magoffin/2023MagoffinFEC-audit.pdf>

Martin County Sheriff – 2022 STS

The audit described the finding itemized below. There were corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Reported Findings:

- 2022-001 The Sheriff's Office Does Not Have Adequate Segregation Of Duties

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Martin/2022MartinSTS-audit.pdf>

Owsley County Sheriff – 2023 FES

The audit report describes the findings, which are itemized below. Issues such as failing to have an accurate financial report, due to the lack of controls, required additional auditor time.

Reported Findings:

- 2023-001 The Owsley County Sheriff's Office Lacks Adequate Segregation Of Duties
- 2023-002 The Owsley County Sheriff's Office Did Not Have Proper Controls In Place Over The Budget And The Fourth Quarter Financial Report
- 2023-003 The Owsley County Sheriff's Office Did Not Have Proper Controls In Place Over Disbursements

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Owsley/2023OwsleyFES-audit.pdf>

Russell County Clerk – 2023 FEC

There were corrections and adjustments that were discussed with the sheriff to ensure optimal office operation. Although they were not material enough to rise to a finding in the report, they did require additional auditor time to examine and discuss with the sheriff.

Link to Audit Report: <https://www.auditor.ky.gov/Auditreports/Russell/2023RussellFEC-audit.pdf>