



Auditor of Public Accounts
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Harmon Releases Audit of Former Caldwell County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2022 taxes for former Caldwell County Sheriff Chris Noel. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former 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 July 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 finding:

The former Caldwell County Sheriff's tax settlement was materially misstated: This is a repeat finding and was included in the prior year audit report as Finding 2021-001. The former Caldwell County Sheriff's tax settlement that was presented and approved by the fiscal court was not complete and accurate. The former sheriff's tax settlement omitted \$414,450 of official receipt taxes. In addition, the former sheriff's settlement omitted \$17,276 of exoneration decreases and

\$397,175 of real estate and tangible property taxes transferred to the incoming sheriff. The former sheriff's tax settlement that was presented and approved by the fiscal court was not a complete and accurate reporting of taxes as of December 31, 2022. According to the bookkeeper, they were unaware how to handle the outgoing sheriff's tax settlement.

KRS 134.215(3) states, "[e]ach outgoing sheriff shall make a final settlement with the department, the fiscal court, and all districts for which his or her office collected taxes by March 15 immediately following the expiration of his or her term of office. The settlement shall address all charges of taxes made against the sheriff and all money received by him or her as sheriff, and shall include all of the information required for the annual settlement pursuant to KRS 134.192." Additionally, strong internal controls dictate the sheriff should have ensured that final settlement is made with all taxing districts.

We recommend the Caldwell County Sheriff's Office review future tax settlements to ensure the settlement is complete and accurate prior to being submitted for approval.

Former Sheriff's Response: The former sheriff's settlement was completed based on collections during the tenure of the outgoing sheriff. This was done due to misunderstanding of what was being requested to be completed, as well as issues with the tax software company being unable to split the outgoing/incoming sheriff's pertinent columns to reflect only the outgoing sheriff. The collection settlement corresponds and balances to the official receipt, but failed to show the total of the official receipt's whole tax season predicted numbers, as the sheriff was in office two months of the tax collection period. In addition, the incoming sheriff's official receipt was never presented to the sheriff's office; therefore, when asked for "collection settlement for the outgoing sheriff," those are the settlement numbers presented. All receipts and disbursements were accounted for and balanced.

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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