



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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**Harmon Releases Audit of Calloway County Sheriff's Fee Account**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2021 financial statement of Calloway County Sheriff Nicky Knight. 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 financial statement presents fairly the receipts, disbursements and excess fees of the Calloway County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

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 comments:

**The Calloway County Sheriff's fourth quarter financial report was materially misstated:** The Calloway County Sheriff's fourth quarter financial report that was submitted to the Department for Local Government (DLG) was materially inaccurate when compared to the receipt and disbursement ledgers and to the sheriff's final settlement for calendar year 2021. The receipts per the fourth quarter financial report were understated by \$89,946 and the disbursements per the fourth quarter financial report were understated by \$22,061.

The receipts and disbursements per the fourth quarter financial report were understated because the sheriff cut off the quarterly at December 31, 2021, and failed to include receivables and payables that existed at year-end. As a result, the fourth quarter financial report was materially misstated, and the financial information did not reflect an accurate financial accounting of the county sheriff's office as reported to DLG.

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 officials to ensure accurate and complete financial reporting. Good internal controls dictate that the financial report be accurate and complete.

We recommend the county sheriff prepare an accurate and complete fourth quarter financial report by reporting all accounts receivables and unpaid obligations as of December 31 on the fourth quarter financial report to ensure the financial information submitted to DLG and other users is accurate and complete.

*County Sheriff's Response: At the end of every calendar year there are both expenses and income for the month of December that are received/disbursed in the month of January. These additional transactions are included in our final reporting for the year to the Fiscal Court, but I was not aware that those additional transactions should also be included on the final Quarterly Report that is sent to the Division of Local Government at the end of the year.*

*Those transactions will be included on that report at the end of each year.*

**The Calloway County Sheriff failed to properly bid vehicle purchases:** In June 2021, the Calloway County Sheriff purchased two vehicles from the same vendor without advertising for bids or using the state price contract. While each expenditure was less than \$30,000, the total amount disbursed for the month was \$56,838.

According to personnel of the sheriff's office, each individual disbursement for vehicles was under the \$30,000 bid threshold, therefore, the vehicles were not bid or purchased from the vendor holding the state price contract. Weak internal controls over disbursements allowed these transactions to occur without proper advertisement or procurement procedures. Because the sheriff disbursed over \$30,000 to the same vendor in the calendar year, the sheriff was not in compliance with KRS 424.260.

According to KRS 424.260(1), "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisements for bids, no city, county, or district, or board or commission of a city or county, or sheriff, or county clerk, may make a contract, lease, or other agreement for:

- (a) Materials;
- (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits;
- (c) Equipment; or
- (d) Contractual services other than professional;

involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids.”

We recommend the sheriff comply with the bid requirements of KRS 424.260(1) by soliciting bids on all disbursements over \$30,000. We also recommend the sheriff strengthen internal controls over disbursements so that bid requirements cannot be avoided on future disbursements.

*County Sheriff's Response: At the time of this purchase, we were allowed to make a purchase that was under \$30,000 without a bid. We purchased a vehicle for \$28,419.00 which is under \$30,000. A few days later I had the opportunity to purchase another vehicle at the same price. Police vehicles have become extremely difficult to purchase and ordering them could take up to a year to be fulfilled. Therefore, when I had the opportunity to make the purchase, I did, not knowing that I was in violation of KRS 424.260 by purchasing two vehicles in one month without bidding. If I had waited and made the purchase in a different month it would not have been a problem.*

*In the future we will take bids on vehicles, at the first of the year. The bids will be good for one year. This will cover the office on this statute.*

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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