



Auditor of Public Accounts Allison Ball

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Ball Releases Audit of Calloway County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2022 taxes for 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 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, 2022 through August 31, 2023 in conformity with the regulatory basis of accounting.

The audit contains the following finding:

The Calloway County Sheriff's Office did not distribute tax collections in accordance with statute: Property tax and franchise tax distributions totaling \$802,306 for January 2023, were made on February 14, 2023. According to office staff, the delay in tax distributions was because of a software error that had previously affected the calculation of discounts. Additionally, there was turnover in the bookkeeping position, and January's taxes were the first taxes to be distributed by the new bookkeeper. Because of some of the issues noted with the tax software, the new bookkeeper scrutinized the monthly reports to ensure the proper amount of taxes were distributed.

We recommend the Calloway County Sheriff strengthen internal controls over tax distributions to ensure all tax collections are properly distributed to the taxing districts by the tenth day of each month.

Sheriff's Response: Taxes were not disbursed by the tenth day due to a software error as well as a change in bookkeeper. To ensure correct disbursements extra time was needed resulting a late disbursement. We have changed software and monitor reports closely to eliminate future errors that would cause the same problem. (With catching the errors, the changes were made for the remainder of the 2022 Tax year and will stay in effect for proceeding tax years.)

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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