



Auditor of Public Accounts
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Ball Releases Audit of Nelson County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2022 taxes for Nelson County Sheriff Ramon Pineiroa. 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 findings:

The Nelson County Sheriff's Office has a lack of segregation of duties over receipts and reconciliations: The sheriff's bookkeeper collects taxes, prepares deposits, posts to the ledger, and completes the monthly bank reconciliation. There was not sufficient evidence available that would show that the sheriff or another employee reviews the daily checkout sheets, deposit tickets, ledgers, or the bank reconciliations to offset the risk caused by the lack of segregation of duties.

We recommend the sheriff's office separate duties over receipts and reconciliation processes. If these duties cannot be separated due to limited staff or limited budget, the sheriff's office should implement strong oversight over these areas.

Sheriff's Response: Segregation of duties was implemented as of 2/25/2023. Daily cash receipts check-list is initialed by each clerk once their tax drawer is balanced. The totals are confirmed with Tax Computer software and initials by CFO. CFO prepares bank deposits and Office Manager takes it to the bank nightly. The Sheriff initials each deposit once it is returned from the bank. The CFO reconciles bank statements and Sheriff reviews and initials.

The Nelson County Sheriff did not present a franchise tax settlement to the fiscal court: Total collections for franchise tax, bank franchise tax, and distilled spirits totaled \$8,899,654. This was an oversight by management due to a change in the bookkeeper in February 2023, prior to the tax year ending April 15, 2023. Management was not aware this needed to be approved by the fiscal court. The property tax settlement was approved by the fiscal court September 5, 2023.

We recommend the sheriff ensure that a complete and accurate franchise tax settlement be completed and submitted to the fiscal court for approval by September 1 of each year.

Sheriff's Response: Due to the change in personnel, management was not aware the Franchise Settlement needed to be approved by Fiscal Court. With additional training in September 2023 future Franchise Settlement approval will be implemented.

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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