



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

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for Butler County Sheriff Scottie Ward. 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 April 16, 2019 through May 15, 2020 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 comment:

The Butler County Sheriff's 2019 tax settlement was materially misstated due to the omission of a taxing district: The Butler County Sheriff's 2019 tax settlement was materially misstated due to the omission of taxes related to the city of Morgantown from the settlement.

The following charges and credits for the city of Morgantown were omitted from the sheriff's settlement:

- Penalties were understated by \$188
- Exonerations were understated by \$20,504
- Delinquent real estate taxes were understated by \$1,203
- Delinquent tangible taxes were understated by \$167
- Discounts were understated by \$3,301
- Sheriff's commissions were understated by \$7,642
- Taxes paid were understated by \$172,170

Since this was a new taxing district that was added during tax year 2019, the bookkeeper missed carrying forward formulas on the final settlement workbook for the city of Morgantown taxing district. The sheriff also failed to catch the error when he reviewed and signed the final settlement. Due to the lack of efficient oversight over the preparation of the tax settlement, the undetected errors noted above were allowed to escape detection. In addition, since the sheriff's tax settlement was materially incorrect, the sheriff is not in compliance with KRS 134.192.

KRS 134.192(1) states, "[e]ach sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year. KRS 134.192(2)(b) states, "[t]he sheriff shall settle his or her accounts with the county, the school district, and any other taxing district for which he or she collects taxes."

Good internal controls dictate that procedures be in place to ensure the sheriff's tax settlement is a complete and accurate report of taxes collected.

We recommend the Butler County Sheriff's Office strengthen oversight and internal controls in order to ensure a complete and accurate tax settlement is prepared.

County Sheriff's Response: We agree with the comments and recommendations made by the auditor and will complete an additional step going forward of having another employee check excel spreadsheets formulas.

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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