



Auditor of Public Accounts
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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 August 17 – December 31, 2020 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 comment:

The Calloway County Sheriff's fourth quarter financial statement was materially misstated: The Calloway County Sheriff's fourth quarter financial statement for the period August 17, 2020 through December 31, 2020, was materially inaccurate. The receipts were overstated by \$909,524, and disbursements were overstated by \$1,017,349. Adjustments were required so that the fourth quarter financial statement would agree to the sheriff's ledgers. This was due to the fourth quarter financial statement including the receipts and disbursements of the outgoing sheriff. The fourth quarter financial statement that was presented to and approved by the fiscal court was cumulative

for the whole year through December 31, 2020, and included the receipts and disbursements of both the outgoing and incoming sheriffs.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Fee officials use a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws. Each period stands alone in accounting for receipts and disbursements and should be accounted for accordingly in each audit period.

We recommend the Calloway County Sheriff's Office maintain accurate financial reports, and separate receipts and disbursements by audit period in the future.

County Sheriff's Response: Due to the previous Sheriff's retirement in August of 2020, the total disbursements and receipts for the last quarter should not have included the totals for the previous Sheriff. As it is a rare occurrence for the Sheriff to retire mid-year, and additionally having a new Office Manager who was not familiar with the requirements in such a case, the totals for the last quarter included those for the previous sheriff in error.

Should this situation present itself in the future, the totals for the previous Sheriff's receipts and disbursements will not be included.

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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