



**Auditor of
Public Accounts
Allison Ball**

Livingston County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement 20-- taxes for Livingston County Sheriff Bobby Davidson. 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, 2023 through August 31, 2024 in conformity with the regulatory basis of accounting.

Finding: Lacks adequate segregation of duties.

The Livingston County Sheriff's Office lacks adequate segregation of duties over various accounting functions. The county bookkeeper collects receipts, prepares monthly reports, performs bank reconciliations, prepares deposits, performs bookkeeping, and prepares checks. These incompatible duties create a lack of segregation of duties over receipts, disbursements, and reconciliations. According to the staff, this condition is a result of a limited budget, which restricts the number of employees the county sheriff can hire and delegate duties to. This deficiency increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

Recommendations

We recommend the county sheriff segregate duties involving the collection and reporting of receipts, the preparation and recording of disbursements, and bank reconciliations. Examples are:

- The sheriff should compare disbursements to the monthly tax reports or other supporting documentation. Any difference should be reconciled. The sheriff should document his oversight by initialing documentation.
- The sheriff should review the settlement and ensure that each column foots properly.
- The sheriff should require an employee who does not accept tax payments to prepare the bank reconciliation. The sheriff should compare the bank reconciliation to the balance in the checkbook and any difference should be reconciled. The sheriff should document his oversight by initialing the bank reconciliations and the balance in the checkbook.

County Officials Response

Sheriff's Response: We do not generate enough revenue to hire enough employees to stay in compliance.

Finding: Did not perform daily checkout procedures or make daily deposits.

The Livingston County Sheriff did not perform daily checkout procedures or make daily deposits as required by statute. At the beginning of the tax collection period in October, the sheriff appeared to make daily deposits; however, as the tax collection period progressed, tax receipts were only deposited once or twice a week. In addition, one daily checkout selected for testing did not have the daily tax bill collection list batched with the checkout. Finally, daily checkout procedures were not performed for franchise collections. Per inquiry with the bookkeeper, daily deposits were made once a week during the month of March, when tax collections were not at their height. In addition, the bookkeeper stated that the bank is located out of town.

Recommendations

We recommend the county sheriff ensure that checkout procedures are performed daily for all collections and that receipts are kept intact and deposited daily as required by the State Local Finance Officer.

County Officials Response

Sheriff's Response: We had small amounts of monies to deposit daily. And was an oversight on our part of daily routine.

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](#).

