



**Auditor of
Public Accounts
Allison Ball**

Marshall County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2024 taxes for Marshall County Sheriff Matt Hilbrecht. 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, 2024 through August 31, 2025 in conformity with the regulatory basis of accounting.

Finding: The Marshall County Sheriff's Office Lacks Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Marshall County Sheriff's office lacks an adequate segregation of duties over tax collections and distributions. The bookkeeper's primary responsibilities include collecting taxes, preparing deposits, processing monthly tax reports, preparing and signing tax distributions, performing monthly bank reconciliations and preparing the annual tax settlement.

Recommendations

We recommend the sheriff segregate the duties noted above by allowing different employees to perform these functions. If this is not feasible due to a lack of staff, then the sheriff should continue performing the compensating controls that have been implemented and ensure that they are working effectively.

County Officials Response

Sheriff's Response: This finding is the result of the limited number of personnel within the Marshall County Sheriff's Office. To address this issue, we have implemented additional compensating controls to strengthen the internal oversight. Office staff members are required to complete a daily checkout sheet, which is then reviewed and verified by the bookkeeper. The Sheriff subsequently reviews the daily deposit records and initials the deposit slip prepared by the bookkeeper to ensure accuracy and accountability.

Auditor's Reply: While the sheriff states he has implemented compensating controls it appears they did not function appropriately since the errors noted in finding 2024-002 occurred.

Finding: The Marshall County Sheriff's Tax Settlement For 2024 Was Not Accurate

The Marshall County Sheriff's 2024 tax settlement did not accurately reflect tax charges and credit associated with the 2024 property and franchise tax collection period. The following misstatements were noted:

- Commissions were understated by \$100,321
- Franchise collections were understated by \$1,684
- Taxes Paid were overstated by \$26,052

- Penalties were overstated by \$3,116
- Refunds were understated by \$762

Recommendations

We recommend the sheriff strengthen internal controls over the preparation of the annual tax settlement. The sheriff's office should compare amounts on the sheriff's prepared tax settlement to cancelled checks and to reports generated by the tax software system along with supporting documentation and recompute commissions each month. Additionally, an individual not involved in the preparation of the tax settlement should perform a thorough review of the tax settlement to strengthen internal controls and help detect any misstatements.

County Officials Response

Sheriff's Response: The finding resulted from error identified during the preparation and reconciliation of the 2024 tax settlement. The same finding were identified in the 2023 tax settlement as well but the 2024 tax collection period was already complete and changes were not able to be made at that time. To prevent similar occurrences in the future, additional review procedures have been implemented to ensure accuracy and completeness of all records before submission. The tax rates were entered into the tax collection software incorrectly by the software company and this was not observed until after the 2023 tax audit. The 2025 property tax collections reflect the correct commission rates.

Finding: The Marshall County Sheriff's Revenue Bond Is Not In Compliance With State Regulations

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Marshall County Sheriff secured a tax revenue bond that did not meet the requirements of KRS 134.230(1)(a). The sheriff's tax revenue bond stated that it only covered the "collection and payment of County Revenue." The tax revenue bond should have stated that it covered "all money collected." The sheriff has since obtained a rider for the bond effective November 5, 2025; however, it did not cover 2024 monies.

Recommendations

We recommend the sheriff continue to monitor his bond to ensure it is compliant and communicate requirements effectively with the fiscal court, the county attorney, and the bonding company.

County Officials Response

Sheriff's Response: This finding was a result from the 2023 Property Tax Settlement that has since been corrected. The 2024 Property Tax Collection had already taken place when the rider was added to the existing bond to comply with states regulations. The 2025 Property Tax Revenue Bond is currently compliant.

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](#).

