



**Auditor of
Public Accounts
Allison Ball**

McCreary County Sheriff's Tax Settlement Audit

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the sheriff's settlement – 2023 taxes for McCreary County Sheriff David Sampson. 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: The sheriff's office did not have adequate segregation of duties

The sheriff's bookkeeper opens incoming mail, collects tax payments, prepares deposits, prepares daily tax collection journals, prepares monthly tax reports, prepares tax disbursements, and signs those disbursements. According to the sheriff, a limited budget restricted the number of employees that could be hired.

Recommendations

We recommend the sheriff separate the duties involved in receiving cash, preparing deposits, writing checks, posting to ledgers, preparing monthly bank reconciliations, and comparing financial reports to the ledgers. However, if an adequate segregation of duties is not feasible, compensating controls should be implemented and documented by the individual performing the procedure.

Sheriff's Response

Sheriff's Response: The sheriff did not provide a response.

Finding: The sheriff did not ensure tax collections were deposited intact and daily

The sheriff was not depositing tax collections into the bank intact and daily as required by the Department for Local Government. According to the sheriff, a limited budget placed restrictions on the number of employees who could have been hired. The practice of making daily deposits intact reduces the risk of misappropriation of cash, which is the asset most susceptible to loss or theft.

Recommendations

We recommend the sheriff's office implement controls to ensure tax collections are deposited daily and intact.

Sheriff's Response

Sheriff's Response: The sheriff did not provide a response.

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](#).

