



**Auditor of  
Public Accounts  
Allison Ball**

# Simpson County Sheriff's Tax Settlement Audit

**FRANKFORT, Ky.** – State Auditor Allison Ball today released the audit of the sheriff's settlement 2023 taxes for Simpson County Sheriff Jere Dee Hopson. 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: Failed to submit complete and accurate tax settlements to the fiscal court.**

The Simpson County Sheriff did not submit the required tax settlements to the fiscal court. The 2023 mineral tax settlement and 2023 franchise tax settlement were not submitted to the fiscal court. The 2023 property tax settlement was prepared for all districts; however, the complete settlement was not submitted. Only a year-end summary of the county portion of taxes collected and uncollected was presented. It did not include all taxing districts and did not detail all taxes collected and money disbursed for each. In addition, the completed property tax settlement for all districts was inaccurate. The following errors were noted:

- Bank franchise tax charges in the amount of \$106,483, discounts of \$2,130, commissions of \$4,435, and taxes payments of \$99,918 were omitted from the sheriff's settlement.
- Property tax refunds in the amount of \$7,362 were incorrectly reported as exoneration decreases.
- Property tax refunds were understated by \$21,762, which includes a refund of \$20,063 still due a taxpayer.
- An amended franchise tax bill that resulted in a refund of \$6,339 to a taxpayer was erroneously reported as a payment in the tax collection system, which led to inaccurate monthly reporting and overpayments to the tax districts. The refund was also reported as franchise tax collection charges on the tax settlement.

## **Recommendations**

We recommend the sheriff's office strengthen internal controls over financial reporting to ensure accurate and complete reporting of tax activity. The sheriff or his designee should compare financial reports to supporting records and document the review. We also recommend the sheriff submit complete settlements to the fiscal court for approval in accordance with KRS 134.192. Finally, we recommend the sheriff issue a refund of \$20,063 due a taxpayer for overpayment of taxes.

## County Officials Response

*Sheriff's Response: Settlements were prepared separately to find discrepancies. They were left separate and not combined on one overall report. In the past this has not been an issue but as time and preferences change, we to will change and include everything in one report. Note: before we start disbursing money left over in a tax account, we allow the auditors to confirm where the money should be disbursed to. This practice helps uncover errors in the reporting software so that we can show the programmers the findings to allow for changes or updates in software. Once the auditor finalizes the determination of fund balance, we settle out from that point.*

Auditor's Reply: A complete settlement of taxes collected and disbursed was not presented to the fiscal court. KRS 134.192 states "The settlement shall show the amount of ad valorem tax collected for the county, the school district, and all taxing districts, and an itemized statement of the money disbursed to or on behalf of the county, the school district, and all taxing districts."

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](#).

