



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Carlisle County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2020 taxes for Carlisle County Sheriff William Gilbert. 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 May 16, 2020 through April 15, 2021 in conformity with the regulatory basis of accounting.

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 Carlisle County Sheriff's franchise tax settlement was materially misstated:** This is a repeat finding and was included in the prior year audit report as Finding 2019-001. The Carlisle County Sheriff's franchise tax settlement for the 2020 tax collection period was materially misstated. Current year franchise taxes were understated by \$266,626, taxes paid were understated by \$256,383, and sheriff's commissions were understated by \$10,843. This was due to the inexperience of the bookkeeper and sheriff. There was confusion as to what tax year the franchise

taxes collected should be reported in. Though the taxes were properly collected and distributed, they were not correctly recorded on the franchise tax settlement. Due to the error that was made, the franchise tax settlement was materially misstated.

KRS 134.192(1) states, “[e]ach sheriff shall annually settle his or her account with the department, the county and any district for which the sheriff collects taxes on or before September 1 of each year.” KRS 134.192(5) states, “[t]he report of the state and local settlement shall be filed in the county clerk's office and approved by the governing body of the county no later than September 1 of each year. 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.” Also, strong internal controls over the reporting process requires all reports to be reviewed throughout the reporting period to ensure all relevant data is included in the final settlement.

We recommend the Carlisle County Sheriff’s Office review all report to ensure the correct data for the correct time period is included.

*County Sheriff’s Response: This is a repeat finding included in 2019-001. The Carlisle County Sheriff’s Franchise Tax Settlement was misstated. A copy of the 2019-001 response is attached. Future Sheriff’s Settlements will include a column for the 12 months of the year with zeros in the field for months with no taxes collected. KRS 134.192 does not state the reporting period for Franchise Tax. Bookkeepers for the Sheriff’s Office will work with Frankfort to obtain either a revision to KRS 134.192, or written correspondence stating the reporting period for Franchise tax. This will be complete by November 1, 2021.*

Auditor’s Reply: The sheriff’s response to Finding 2019-001 was not reprinted. It can be found in the prior year audit report.

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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