

**REPORT OF THE AUDIT OF THE  
CHRISTIAN COUNTY  
SHERIFF'S SETTLEMENT - 2020 TAXES**

**For The Period  
May 16, 2020 Through April 15, 2021**



**MIKE HARMON  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Steve Tribble, Christian County Judge/Executive  
The Honorable Tyler DeArmond, Christian County Sheriff  
Members of the Christian County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the Christian County Sheriff's Settlement - 2020 Taxes for the period May 16, 2020 through April 15, 2021 - Regulatory Basis, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements*, issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Steve Tribble, Christian County Judge/Executive  
The Honorable Tyler DeArmond, Christian County Sheriff  
Members of the Christian County Fiscal Court

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the Christian County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky’s regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the Christian County Sheriff, for the period May 16, 2020 through April 15, 2021.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period May 16, 2020 through April 15, 2021 of the Christian County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021, on our consideration of the Christian County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Christian County Sheriff’s internal control over financial reporting and compliance.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

September 9, 2021

CHRISTIAN COUNTY  
TYLER DEARMOND, SHERIFF  
SHERIFF'S SETTLEMENT - 2020 TAXES

For The Period May 16, 2020 Through April 15, 2021

|  | Special Taxing   |                  |                   |                     |
|--|------------------|------------------|-------------------|---------------------|
|  | County           | Districts        | School            | State               |
| <u>Charges</u>                           |                  |                  |                   |                     |
| Real Estate                              | \$ 6,132,343     | \$ 2,158,697     | \$ 13,871,552     | \$ 4,006,266        |
| Tangible                                 | 748,715          | 322,983          | 1,713,637         | 2,157,344           |
| Fire Dues                                |                  | 554,280          |                   |                     |
| Fire Protection                          | 1,324            |                  |                   |                     |
| Total Per Sheriff's Official Receipt     | <u>6,882,382</u> | <u>3,035,960</u> | <u>15,585,189</u> | <u>6,163,610.00</u> |
| <u>Other Taxes &amp; Charges</u>         |                  |                  |                   |                     |
| Court Ordered Increases                  | 220              | 71               | 499               | 144                 |
| Franchise Taxes                          | 291,795          | 101,393          | 554,509           |                     |
| Additional Billings                      | 317              | 102              | 723               | 207                 |
| Mineral Reserves - Tax Year 2019         |                  |                  |                   |                     |
| Oil Taxes                                | 2,827            | 1,451            | 6,470             | 1,844               |
| Gas Taxes                                | 2,059            | 1,057            | 4,713             | 1,344               |
| Limestone, Sand and Gravel Taxes         | 1,319            | 677              | 3,018             | 860                 |
| Mineral Reserves - Tax Year 2020         |                  |                  |                   |                     |
| Oil Taxes                                | 3,041            | 976              | 6,879             | 1,984               |
| Gas Taxes                                | 223              | 71               | 504               | 145                 |
| Limestone, Sand and Gravel Taxes         | 2,306            | 740              | 5,216             | 1,504               |
| Bank Franchises                          | 244,644          |                  |                   |                     |
| Penalties                                | <u>19,545</u>    | <u>10,331</u>    | <u>44,235</u>     | <u>13,933</u>       |
| Gross Chargeable to Sheriff              | 7,450,678        | 3,152,829        | 16,211,955        | 6,185,575           |
| <u>Credits</u>                           |                  |                  |                   |                     |
| Exonerations                             | 8,929            | 2,975            | 20,199            | 5,901               |
| Discounts                                | 118,869          | 49,193           | 259,827           | 104,557             |
| Delinquent Real Estate                   | 96,678           | 57,124           | 218,652           | 63,063              |
| Delinquent Tangible                      | 5,653            | 1,971            | 12,939            | 11,867              |
| Delinquent Mineral Tax                   | 431              | 221              | 986               | 281                 |
| Franchise Taxes - Delinquent             | <u>9</u>         | <u>3</u>         | <u>20</u>         |                     |
| Total Credits                            | 230,569          | 111,487          | 512,623           | 185,669             |
| Taxes Collected                          | 7,220,109        | 3,041,342        | 15,699,332        | 5,999,906           |
| Less: Sheriff's Commissions*             | <u>306,852</u>   | <u>117,421</u>   | <u>470,982</u>    | <u>254,996</u>      |
| Taxes Due Districts                      | 6,913,257        | 2,923,921        | 15,228,350        | 5,744,910           |
| Taxes Paid                               | 6,900,158        | 2,919,705        | 15,198,896        | 5,731,622           |
| Refunds (Current and Prior Year)         | <u>13,097</u>    | <u>4,215</u>     | <u>29,444</u>     | <u>13,290</u>       |
| Taxes Due Districts (Refund Due Sheriff) | <u>\$ 2</u>      | <u>\$ 1</u>      | <u>\$ 10</u>      | <u>\$ (2)</u>       |

\*\*

\* and \*\* See next page.

The accompanying notes are an integral part of this financial statement.

CHRISTIAN COUNTY  
TYLER DEARMOND, SHERIFF  
SHERIFF'S SETTLEMENT - 2020 TAXES  
For The Period May 16, 2020 Through April 15, 2021  
(Continued)

\* Commissions:

|          |    |            |
|----------|----|------------|
| 4.25% on | \$ | 15,735,298 |
| 3% on    | \$ | 15,699,332 |
| 2% on    | \$ | 526,059    |

\*\* Special Taxing Districts:

|                 |    |          |
|-----------------|----|----------|
| Health District | \$ | <u>1</u> |
|-----------------|----|----------|

|               |    |                 |
|---------------|----|-----------------|
| Due Districts | \$ | <u><u>1</u></u> |
|---------------|----|-----------------|



CHRISTIAN COUNTY  
NOTES TO FINANCIAL STATEMENT

April 15, 2021

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The Christian County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

CHRISTIAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
April 15, 2021  
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Christian County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of April 15, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2020. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2021. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 12, 2020 through April 15, 2021.

B. Oil and Gas Property Taxes

- 1) The oil and gas property tax assessments were levied as of January 1, 2019. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was February 25, 2020 through April 15, 2021.
- 2) The oil and gas property tax assessments were levied as of January 1, 2020. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 23, 2020 through April 15, 2021.

C. Limestone, Sand, and Gravel Reserves

- 1) The limestone, sand, and gravel property tax assessments were levied as of January 1, 2019. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was February 25, 2020 through April 15, 2021.
- 2) The limestone, sand, and gravel property tax assessments were levied as of January 1, 2020. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 23, 2020 through April 15, 2021.

D. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was May 16, 2020 through April 15, 2021.

Note 4. Interest Income

The Christian County Sheriff earned \$945 as interest income on 2020 taxes. The sheriff was in substantial compliance with his statutory responsibilities.

CHRISTIAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
April 15, 2021  
(Continued)

Note 5. Sheriff's 10% Add-On Fee

The Christian County Sheriff collected \$74,270 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

Note 6. Escrow Account

The Christian County Sheriff deposits outstanding checks that don't clear the bank account timely into a non-interest bearing account. When statutorily required, the sheriff will turn over unclaimed fund to the Kentucky State Treasurer as abandoned funds. The sheriff's escrowed balance is \$215.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Steve Tribble, Christian County Judge/Executive  
The Honorable Tyler DeArmond, Christian County Sheriff  
Members of the Christian County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Christian County Sheriff's Settlement - 2020 Taxes for the period May 16, 2020 through April 15, 2021 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated September 9, 2021. The Christian County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Christian County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Christian County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Christian County Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Christian County Sheriff's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

September 9, 2021