



Auditor of Public Accounts  
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### **Harmon Releases Audit of Fulton County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2019 taxes for Fulton County Sheriff Derek Goodson. 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 April 16, 2019 through May 15, 2020 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 Fulton County Sheriff omitted \$330,079 in franchise taxes paid on the 2019 tax settlement:** The Fulton County Sheriff did not include \$330,079 of franchise taxes paid on the tax settlement; which resulted in the tax settlement being materially misstated. The sheriff's franchise tax settlement that was presented and approved by the fiscal court was not a complete and accurate reporting of franchise taxes as of May 15, 2020. According to the bookkeeper, the franchise taxes

paid should agree to the franchise taxes due since there were no franchise tax refunds, therefore taxes paid were not included on the settlement.

KRS 134.192(1) states, “[e]ach sheriff shall annually settle his or her accounts with the department, the county and any district for which the sheriff collects taxes on or before September 1 of each year.” Strong internal controls dictate the sheriff should be reviewing the settlement prior to presenting to the fiscal court to ensure accuracy.

We recommend the sheriff review the franchise tax settlement to ensure settlement is complete and accurate, including taxes paid, prior to being submitted for approval.

*County Sheriff’s Response: The amount paid will also be added to the report along with the amount due.*

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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