



**Auditor of Public Accounts
Mike Harmon**

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Henry County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for Henry County Sheriff Keith Perry. 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 January 7, 2019 through April 15, 2019 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 incoming sheriff's tax settlement presented to the fiscal court was materially misstated:

The Henry County Sheriff's tax settlement presented to fiscal court included franchise collections made by the former and interim sheriffs. The tax settlement included franchise collections of \$384,032, commission of \$13,264, and taxes paid to districts of \$370,767 made by the former and interim sheriffs. This caused a material misstatement to the incoming tax settlement. This was an oversight by management. Management was not aware the complete franchise settlement needed to be presented for the former sheriff's tax collections for the period April 16, 2018 through September 30, 2018 and the interim sheriff's tax collections for the period October 1, 2018 through January 6, 2019.

The sheriff did not present an accurate franchise tax settlement to fiscal court as required by statute. The franchise settlement presented included amounts for the former and interim sheriffs franchise tax collections. The amounts included for prior period franchise taxes were material to the financial statement. KRS 134.192(1) states, in part, "[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." KRS 134.192(5) states, in part, "[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."

We recommend the sheriff ensure that a complete and accurate franchise tax settlement be completed for the proper tax period prior to submission to fiscal court for approval.

County Sheriff's Response: The official 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](#).

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