



Auditor of Public Accounts
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Harmon Releases Audit of Former Fleming County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2021 taxes for former Fleming County Sheriff Gary Kinder. 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 former 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 former sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the former sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 16, 2021 through August 31, 2022 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 finding:

The former sheriff's annual settlement was materially misstated: The former sheriff's annual settlement did not include the following:

- Franchise Taxes of \$547,571

- Franchise Tax Discounts of \$2,145
- Franchise Tax Commissions of \$15,824
- Franchise Taxes Paid \$529,759
- Sheriff's Official Receipts \$179,407
- Refunds \$5,328

In addition to the items left out, the former sheriff included the following overages:

- Delinquent Taxes \$23,627

Since the settlement was not accurate, amounts shown as owed or due to the taxing districts were incorrect. Adjustments and reclassifications have been made to correctly account for the tax collections of the audited period. The former sheriff did not implement proper internal controls to ensure the activity for tax collections was accurately reflected in the annual tax settlement. By not having an accurate tax settlement, the fiscal court cannot determine whether problems exist in tax collections.

Effective internal controls over financial reporting are essential to ensure financial reports are accurate. The settlement is to show the amount of taxes collected and disbursed for the county, school district, and each taxing district.

We recommend the sheriff's office prepare an accurate annual settlement.

Former 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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