



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Interim Henderson County Sheriff's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the July 1 – December 31, 2021 financial statement of interim Henderson County Sheriff David Crafton. 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 financial statement presents fairly the receipts, disbursements and excess fees of the interim Henderson County Sheriff in accordance with accounting principles generally accepted in the United States of America. The interim sheriff's financial statement did not follow this format. However, the interim sheriff's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

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 interim Henderson County Sheriff's fourth quarter financial statement was materially inaccurate: The interim Henderson County Sheriff's fourth quarter financial statement, for the period July 1, 2021 through December 31, 2021, was materially inaccurate. The receipts were overstated by \$407,042. Adjustments were required so that the fourth quarter would match the sheriff's ledgers.

This was due to an error when preparing the fourth quarter financial statement that was presented to fiscal court. The financial statement that was approved by fiscal court included the first and

second quarter of the year. These receipts and disbursements occurred under the prior sheriff and are reported separately. The third and fourth quarter receipts and disbursements were accurate, but because the financial statement included the first and second quarter, the financial statement was materially misstated.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting. Fee officials use a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws. Each period stands alone in accounting for receipts and disbursements and should be accounted for accordingly in each audit period.

We recommend the Henderson County Sheriff's Office maintain accurate financial reports, and separate receipts and disbursements by audit period in the future.

Interim Sheriff's Response: Our former Sheriff retired 6/30/21 and the court appointed David Crafton as Sheriff. This is mine and [name redacted] first time working when a Sheriff retires and an appointed Sheriff comes into office in the middle of the year. We weren't aware that we needed to split the fee account up into January through June and July through December. We know this put more work on the auditor and we apologize for that. We know what to do now if this ever happens again during the middle the year.

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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