



Auditor of Public Accounts
Mike Harmon

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Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Interim Grant County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for interim Grant County Sheriff Donald Millikin. 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 interim 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 interim sheriff's settlement is prepared on the regulatory basis, which is described in the auditor's opinion letter. Regulatory basis reporting for the interim sheriff's settlement is an acceptable reporting methodology, and this reporting methodology is followed for all 120 sheriff settlements in Kentucky.

The interim sheriff's financial statement fairly presents the taxes charged, credited and paid for the period October 1, 2018 through January 2, 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 interim Grant County Sheriff's tax Settlement was not accurate and was not presented to the fiscal court: The interim Grant County Sheriff's tax settlement was materially misstated, requiring the following adjustments:

- Exoneration Increases of \$1,567;
- Exoneration Decreases of \$12,956;
- Penalties of \$61; and
- Transfer of Official Receipt to the new sheriff of \$833,043.

Additionally, the settlement was not presented to the fiscal court for approval.

Internal controls were not in place to ensure the tax settlement was accurate and presented to the fiscal court.

Strong internal controls over financial reporting are needed in order to ensure accurate reporting of tax collections and distributions. Accurate financial reporting helps ensure the proper amounts of taxes are distributed to the taxing districts. KRS 134.192(5) states in part, [t]he settlement shall show the amount of ad valorem tax collected for the county, the school district, and all taxing districts, and an itemized statement of the money disbursed to or on behalf of the county, the school district, and all taxing districts.” Additionally, it requires that the report 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's office strengthen controls over the preparation of the tax settlement, ensuring it is complete and accurate. We further recommend that the sheriff's office present a tax settlement for fiscal court's approval by September 1 of each year.

Interim County Sheriff's Response: No response was provided.

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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