



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Former Hart County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for former Hart County Sheriff Boston Hensley. 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 17, 2018 through December 31, 2018 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 former Hart County Sheriff's 2018 outgoing tax settlement was materially misstated:** The former Hart County Sheriff's 2018 outgoing tax settlement was materially inaccurate. Taxes collected per the county tax settlement were overstated by \$1,375,637. Taxes paid per the county tax settlement were overstated by \$1,394,738. This was due to an unexplained reporting error in one school district's franchises collected and paid, and also due to the former sheriff omitting

franchise discounts and penalties from the county settlement. The former sheriff's commissions were understated by \$19,432 because commissions for all franchises were omitted from the county settlement.

This was an oversight on the part of management. The final settlement was not properly reviewed prior to being submitted to fiscal court. The fiscal court and the taxing districts had incorrect financial data to rely upon for their financial operations. Taxing districts require financial information that is reliable, complete and accurate to make informed decisions.

Good internal controls dictate that financial reports should reconcile to the underlying accounting records. Preventative controls help to minimize opportunities for unintentional errors and discourage fraud. Detective controls identify errors after they occur and allow for corrective action. Both types of internal control, if operating effectively, should prevent material errors in financial reports.

We recommend the sheriff's office strengthen internal controls over financial reporting. The sheriff or his designee should compare financial reports to supporting records and document the review.

*Former Sheriff's Response: The former sheriff 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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