



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for former Nelson County Sheriff Mike Newton. 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 former 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 former sheriff's financial statement fairly presents the taxes charged, credited and paid for the period January 1, 2018 through April 16, 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 Nelson County Sheriff's county tax settlement presented to the fiscal court did not include taxes collected and paid for franchise, distilled spirits, and limestone, sand and gravel reserves as required by statute:** The former Nelson County Sheriff's county settlement presented to the fiscal court did not include \$4,240,856 in taxes collected for franchise, distilled spirits, and limestone, sand, and gravel reserves. This was an oversight by management. A county

settlement was presented to the fiscal court; however, it did not include amounts collected and paid for franchise, distilled spirits, and limestone, sand and gravel reserves. The amounts were readily available and will be presented to the fiscal court as a separate report for taxes omitted.

The former sheriff's office did not present a complete and accurate county tax settlement to the fiscal court as required by statute. The amount omitted was material to the financial statement. According to KRS 134.192(1), "[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, "[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's office prepare a complete and accurate county settlement that includes taxes collected and paid for franchise, distilled spirits, limestone, sand, and gravel reserves before presenting to fiscal court for approval.

*Former Sheriff's Response: The corrected settlement has been corrected by fiscal court.*

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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