

**REPORT OF THE AUDIT OF THE  
FORMER GRANT COUNTY  
SHERIFF'S SETTLEMENT - 2023 TAXES**

**For The Period  
September 1, 2023 Through August 31, 2024**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE 502.564.5841  
FACSIMILE 502.564.2912**



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
SHERIFF’S SETTLEMENT - 2023 TAXES .....	4
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	11
SCHEDULE OF FINDINGS AND RESPONSES .....	15

THIS PAGE LEFT BLANK INTENTIONALLY



**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

**Independent Auditor's Report**

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Chuck Dills, Grant County Judge/Executive  
The Honorable Brian Maines, Former Grant County Sheriff  
The Honorable Dennis Switzer, Grant County Sheriff  
Members of the Grant County Fiscal Court

**Report on the Audit of the Financial Statement**

**Opinions**

We have audited the accompanying former Grant County Sheriff's Settlement - 2023 Taxes for the period September 1, 2023 through August 31, 2024 - Regulatory Basis, and the related notes to the financial statement, which collectively comprise the former Grant County Sheriff's financial statement as listed in the table of contents.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement presents fairly, in all material respects, the taxes charged, credited, and paid for the period September 1, 2023 through August 31, 2024 of the former Grant County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the former Grant County Sheriff, for the period September 1, 2023 through August 31, 2024.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Program for Sheriffs' Tax Settlements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the former Grant County Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Chuck Dills, Grant County Judge/Executive  
The Honorable Brian Maines, Former Grant County Sheriff  
The Honorable Dennis Switzer, Grant County Sheriff  
Members of the Grant County Fiscal Court

## **Basis for Opinions (Continued)**

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the former Grant County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the former Grant County Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the former Grant County Sheriff's internal control. Accordingly, no such opinion is expressed.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Chuck Dills, Grant County Judge/Executive  
The Honorable Brian Maines, Former Grant County Sheriff  
The Honorable Dennis Switzer, Grant County Sheriff  
Members of the Grant County Fiscal Court

**Auditor's Responsibilities for the Audit of the Financial Statement (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the former Grant County Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025, on our consideration of the former Grant County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the former Grant County Sheriff's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report finding:

2023-001    The Former Grant County Sheriff's Office Lacked Adequate Internal Controls Over The Tax Collection And Settlement Process

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

May 21, 2025

GRANT COUNTY  
BRIAN MAINES, FORMER SHERIFF  
SHERIFF'S SETTLEMENT - 2023 TAXES

For The Period September 1, 2023 Through August 31, 2024

	County	Special Taxing Districts	School	State
<u>Charges</u>				
Real Estate	\$ 1,693,744	\$ 4,715,763	\$ 8,940,716	\$ 1,677,167
Tangible	88,077	227,687	481,597	299,271
Total Per Sheriff's Official Receipt	1,781,821	4,943,450	9,422,313	1,976,438
<u>Other Taxes &amp; Charges</u>				
Franchise Taxes	238,684	504,395	1,285,476	
Bankshares	44,920			
Penalties	5,698	16,874	29,909	5,849
Gross Chargeable to Sheriff	2,071,123	5,464,719	10,737,698	1,982,287
<u>Credits</u>				
Exonerations	3,886	7,966	19,969	3,570
Discounts	30,494	75,544	160,752	34,145
Delinquent Real Estate	19,265	101,742	103,236	19,462
Delinquent Tangible	448	1,135	2,263	3,049
Total Credits	54,093	186,387	286,220	60,226
Taxes Collected	2,017,030	5,278,332	10,451,478	1,922,061
Less: Sheriff's Commissions*	85,731	224,020	261,313	81,688
Taxes Due Districts	1,931,299	5,054,312	10,190,165	1,840,373
Taxes Paid	1,930,767	5,060,761	10,187,497	1,839,596
Refunds (Current and Prior Year)	817	1,632	4,221	777
Refunds Due Sheriff	\$ (285)	\$ (8,081)	\$ (1,553)	\$ 0
		**	***	

\* Commissions:

4.25% on	\$	9,206,942
1% on	\$	10,481
2.5% on	\$	10,451,478

\*\* and \*\*\* See next page.

The accompanying notes are an integral part of this financial statement.



GRANT COUNTY  
 BRIAN MAINES, FORMER SHERIFF  
 SHERIFF'S SETTLEMENT - 2023 TAXES  
 For The Period September 1, 2023 Through August 31, 2024  
 (Continued)

\*\* Special Taxing Districts:

Library District	\$ (242)
Health District	(67)
Extension District	(203)
Soil District	(25)
Mental Health	(7879)
Verona Fire	333
Fire Acres	<u>2</u>

Refunds Due Sheriff	<u>\$ (8,081)</u>
---------------------	-------------------

\*\*\* School Taxing Districts

Common School District	\$ (1,142)
Williamstown Independent School	<u>(411)</u>

Refunds Due Sheriff	<u>\$ (1,553)</u>
---------------------	-------------------

GRANT COUNTY  
NOTES TO FINANCIAL STATEMENT

August 31, 2024

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The former Grant County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

GRANT COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 31, 2024  
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The former Grant County Sheriff did not have a deposit policy for custodial credit risk, but rather followed the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of August 31, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2023. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2024. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 15, 2023 through April 15, 2024.

B. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was July 1, 2023 through April 30, 2024.

Note 4. Interest Income

The former Grant County Sheriff earned \$151 as interest income on 2023 taxes. The former sheriff was in substantial compliance with his statutory responsibilities.

Note 5. Sheriff's 10% Add-On Fee

The former Grant County Sheriff collected \$50,422 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

THIS PAGE LEFT BLANK INTENTIONALLY



**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*

**Independent Auditor's Report**

The Honorable Chuck Dills, Grant County Judge/Executive  
The Honorable Brian Maines, Former Grant County Sheriff  
The Honorable Dennis Switzer, Grant County Sheriff  
Members of the Grant County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the former Grant County Sheriff's Settlement - 2023 Taxes for the period September 1, 2023 through August 31, 2024 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated May 21, 2025. The former Grant County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the former Grant County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the former Grant County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Grant County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-001 to be a material weakness.



Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With *Government Auditing Standards*  
(Continued)

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the former Grant County Sheriff's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

May 21, 2025



## SCHEDULE OF FINDINGS AND RESPONSES

THIS PAGE LEFT BLANK INTENTIONALLY

GRANT COUNTY  
BRIAN MAINES, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Period September 1, 2023 Through August 31, 2024

INTERNAL CONTROL – MATERIAL WEAKNESS:

2023-001    The Former Grant County Sheriff's Office Lacked Adequate Internal Controls Over The Tax Collection And Settlement Process

---

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The former Grant County Sheriff failed to segregate incompatible duties and did not implement adequate internal controls over the collection and settlement of his 2023 taxes. The office manager prepared the daily checkout sheet and deposit ticket, posted to the ledger, prepared the monthly reports and disbursement checks, prepared the bank reconciliation, and collected cash at times. Additionally, the tax program utilized by the sheriff's office for processing the collection and payment of taxes contained errors in commission rates for multiple taxing districts that led to monies being owed to both the former sheriff and a taxing district. The lack of oversight and compensating controls led to the former sheriff submitting a tax settlement that contained multiple errors.

The former sheriff placed the responsibility of accounting for and settling his 2023 taxes on one person without providing any oversight or review of the tax collection process. Duties were not properly segregated, nor were there any documented compensating controls in place to ensure the monthly tax reports were accurately calculated and the tax settlement was accurately completed.

Due to the lack of internal controls, the following the following errors were undetected:

- Failure to collect accurate tax commissions from the Verona Fire District, resulting in \$333 owed back to the district.
- Failure to detect a commission rate change during the tax period for the Mental Health District, resulted in \$7,839 being owed to the former sheriff.
- Failure to detect the commission rate change during each month for the Fire Acres District.
- Failure to turn over \$4,240 of April 2024 commissions.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The segregation of duties over tax collection process is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Accurate financial reporting helps ensure the proper amounts of taxes are distributed to the taxing districts.

Additionally, the segregation of duties over various accounting functions such as opening mail, preparing deposits, recording receipts and disbursements, preparing monthly reports, and preparing monthly bank reconciliations, or the implementation of compensating controls is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. The proper segregation of duties also protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff's office strengthen controls over the preparation of the tax settlement, ensuring it is complete and accurate. This includes segregating duties, and, if that is not possible, we recommend the sheriff's office implement effective compensating controls. These controls should be evidenced by initials on daily checkout sheets, deposit tickets, ledgers, bank reconciliations, monthly tax reports, and the draft tax settlement. We also recommend a documented review of the tax settlement to make sure that it adds correctly and that all amounts trace to source documents.

*Former Sheriff's Response: The official did not provide a response.*