

**REPORT OF THE AUDIT OF THE  
MARION COUNTY  
SHERIFF'S SETTLEMENT - 2015 TAXES**

**For The Period  
April 16, 2015 Through April 15, 2016**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**

**AUDIT OF THE  
MARION COUNTY  
SHERIFF'S SETTLEMENT - 2015 TAXES**

**For The Period  
April 16, 2015 Through April 15, 2016**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2015 Taxes for the Marion County Sheriff for the period April 16, 2015 through April 15, 2016. We have issued an unmodified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The sheriff collected 2015 taxes of \$10,255,619 for the districts, retaining commissions of \$405,525 to operate the sheriff's office. The sheriff distributed 2015 taxes of \$9,853,915 to the districts. Taxes of \$9,929 are due to the districts from the sheriff and refunds of \$19,947 are due to the sheriff from the taxing districts.

**Report Comments:**

- 2015-001 The Sheriff Did Not Adequately Segregate Duties Or Provide Sufficient Oversight To Ensure An Accurate Tax Settlement Process For Tax Year 2015
- 2015-002 The Sheriff Did Not Follow The Minimum Requirements For Handling Public Funds In The 2015 Tax Settlement
- 2015-003 The Sheriff Did Not Provide Sufficient Oversight For Franchise Bill Processing

**Deposits:**

The sheriff's deposits as of October 27, 2015 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$355,136

The sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
Honorable John G. Mattingly, Marion County Judge/Executive  
Honorable Jimmy Clements, Marion County Sheriff  
Members of the Marion County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the Marion County Sheriff's Settlement - 2015 Taxes for the period April 16, 2015 through April 15, 2016 - Regulatory Basis, and the related notes to the financial statement.

**Management's Responsibility 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 as described in Note 1. 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the People of Kentucky

Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
Finance and Administration Cabinet  
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### **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 Marion 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, 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.

### **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 paragraph, the financial statement referred to above 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 Marion County Sheriff, for the period April 16, 2015 through April 15, 2016.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2015 through April 15, 2016 of the Marion County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017 on our consideration of the Marion 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 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 Marion County Sheriff's internal control over financial reporting and compliance.



To the People of Kentucky  
Honorable Matthew G. Bevin, Governor  
William M. Landrum III, Secretary  
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Honorable Jimmy Clements, Marion County Sheriff  
Members of the Marion County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2015-001 The Sheriff Did Not Adequately Segregate Duties Or Provide Sufficient Oversight To Ensure An Accurate Tax Settlement Process For Tax Year 2015
- 2015-002 The Sheriff Did Not Follow The Minimum Requirements For Handling Public Funds In The 2015 Tax Settlement
- 2015-003 The Sheriff Did Not Provide Sufficient Oversight For Franchise Bill Processing

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

February 1, 2017

MARION COUNTY  
JIMMY CLEMENTS, SHERIFF  
SHERIFF'S SETTLEMENT - 2015 TAXES

For The Period April 16, 2015 Through April 15, 2016

<u>Charges</u>	County Taxes	Special Taxing Districts	School Taxes	State Taxes
Real Estate	\$ 757,827	\$ 1,110,305	\$ 4,846,569	\$ 1,077,007
Tangible Personal Property	80,930	112,847	408,365	629,614
Fire Protection	1,077			
Franchise Taxes	67,433	93,724	361,893	
Distilled Spirits Taxes	115,724	161,807	583,931	
Additional Billings	71	103	452	100
Oil Property Taxes	73	107	467	104
Limestone, Sand and Gravel Reserves	221	323	1,411	313
Bank Franchises	69,597			
Penalties	2,957	4,320	18,790	4,345
Adjusted to Sheriff's Receipt	(23)	941	(114)	(85)
Gross Chargeable to Sheriff	<u>1,095,887</u>	<u>1,484,477</u>	<u>6,221,764</u>	<u>1,711,398</u>
 <u>Credits</u>				
Exonerations	1,301	1,905	8,315	4,670
Discounts	18,749	24,801	104,860	27,254
Delinquents:				
Real Estate	6,294	9,203	40,171	8,911
Tangible Personal Property	125	171	630	508
Franchise Taxes	5	7	27	
Total Credits	<u>26,474</u>	<u>36,087</u>	<u>154,003</u>	<u>41,343</u>
Taxes Collected	1,069,413	1,448,390	6,067,761	1,670,055
Less: Commissions *	45,450	61,557	227,541	70,977
Taxes Due	1,023,963	1,386,833	5,840,220	1,599,078
Taxes Paid	1,026,639	1,376,011	5,853,051	1,598,214
Refunds (Current and Prior Year)	609	893	3,831	864
Due Districts or (Refunds Due Sheriff) as of Completion of Audit	<u>\$ (3,285)</u>	<u>\$ 9,929</u>	<u>\$ (16,662)</u>	<u>\$ 0</u>

\*\*

\* and \*\* See next page.

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

MARION COUNTY  
JIMMY CLEMENTS, SHERIFF  
SHERIFF'S SETTLEMENT - 2015 TAXES  
For The Period April 16, 2015 Through April 15, 2016  
(Continued)

\* Commissions:

4.25% on \$ 4,187,858

3.75% on \$ 6,067,761

\*\* Special Taxing Districts:

Library District \$ 4,377

Health District 2,304

Extension District 2,403

Airboard District 845

Due Districts \$ 9,929

MARION COUNTY  
NOTES TO FINANCIAL STATEMENT

April 15, 2016

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).

Note 2. Deposits

The Marion County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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.

MARION COUNTY  
NOTES TO FINANCIAL STATEMENT  
April 15, 2016  
(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 Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of April 15, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of October 27, 2015, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$355,136

Note 3. Tax Collection Period

The real and personal property tax assessments were levied as of January 1, 2015. Property taxes were billed to finance governmental services for the fiscal year ended June 30, 2016. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 29, 2015 through April 15, 2016.

Note 4. Interest Income

The Marion County Sheriff earned \$908 as interest income on 2015 taxes. The sheriff was in substantial compliance with his statutory responsibilities.

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

The Marion County Sheriff collected \$27,177 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office.

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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*







**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable John G. Mattingly, Marion County Judge/Executive  
Honorable Jimmy Clements, Marion County Sheriff  
Members of the Marion County Fiscal Court

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

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 Marion County Sheriff's Settlement - 2015 Taxes for the period April 16, 2015 through April 15, 2016 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated February 1, 2017. The Marion 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Marion County Sheriff's internal control over financial reporting (internal control) to determine the 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 Marion County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion County Sheriff's internal control over financial reporting.

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 over financial reporting 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 comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying comments and recommendations as items 2015-001, 2015-002, and 2015-003 to be material weaknesses.



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)

### Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Marion County Sheriff's financial statement is free of 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying comments and recommendations as items 2015-002 and 2015-003.

### 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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

February 1, 2017

COMMENTS AND RECOMMENDATIONS



MARION COUNTY  
JIMMY CLEMENTS, SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Period April 16, 2015 Through April 15, 2016

FINANCIAL STATEMENT FINDINGS:

2015-001 The Sheriff Did Not Adequately Segregate Duties Or Provide Sufficient Oversight To Ensure An Accurate Tax Settlement Process For Tax Year 2015

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The bookkeeper accepted tax payments, recorded taxes paid, prepared the daily deposit, prepared monthly tax reports, prepared monthly disbursements checks, and co-signed monthly disbursements checks. There was no documented review or approval by another individual to provide evidence of oversight. There were also numerous partial payments from taxpayers that were cashed in the tax drawer, and maintained in the safe until the whole tax bill was paid in full. When the tax bill was paid in full, the cash was then deposited. No documentation was maintained to show which bills were paid in multiple payments or when each payment was made.

The sheriff has not provided sufficient oversight of the tax settlement process to ensure all taxes collected are recorded and disbursed accurately. The sheriff should have developed standard policies and procedures for the tax settlement process based on requirements documented in state statutes and the *Property Tax Duties of the Sheriff's Office* manual provided by the Office of Property Valuation.

A lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department of Revenue and taxing districts. Undetected errors or fraud could also occur. Proper segregation of duties over receipts and disbursements is essential for providing protection of asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. Good internal controls dictate that management be sufficiently involved in the day to day operations to ensure internal controls are in place and working to prevent and detect errors or fraud. Policies and procedures should be developed to identify and address routine tax settlement issues including partial payments.

We recommend the sheriff become sufficiently familiar with the tax settlement processing to be able to identify areas where policies and procedures are lacking and where internal controls should be strengthened. The sheriff should ensure sufficient records are maintained and that staff responsible for this activity understand the complexities of the tax settlement process. The sheriff should seek additional training and guidance if necessary. If the sheriff continues to accept partial payments, sufficient documentation should be maintained to document which bills were paid in multiple payments and when each payment was made. Additionally, we recommend the following compensating controls be implemented to offset the lack of segregation of duties:

- The sheriff should require an employee that does not accept tax payments to prepare the bank reconciliation. The sheriff should compare the bank reconciliation to the balance in the checkbook and any differences should be reconciled. The sheriff should document his oversight by initialing the bank reconciliation and the balance in the checkbook.
- The sheriff should compare total tax collections per the monthly reports to the total of the monthly disbursement checks. Any discrepancies should be resolved and the review should be documented by initialing and dating the monthly reports.

*Sheriff's Response: None.*

MARION COUNTY  
JIMMY CLEMENTS, SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Period April 16, 2015 Through April 15, 2016  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-002 The Sheriff Did Not Follow The Minimum Requirements For Handling Public Funds In The 2015 Tax Settlement

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We reviewed receipt daily checkout reports and noted the following control deficiencies:

- Taxpayer check overages are given back change.
- Deposits are not made intact daily.
- Cash and check totals per daily deposit report do not always agree to cash and check totals on the bank deposit ticket.
- Personal funds were included in the bank deposit ticket; however they were not included in the daily checkout sheets.
- Sheriff employees routinely cashed checks in the sheriff's office cash drawers.
- Checks for partial payments are cashed in the deposit, not recorded in the system, and payments are held in the safe until the whole tax bill is paid and then deposited.
- Taxpayer money was included in the bank deposit ticket, but was not included on the daily deposit report.
- Money collected for researching tax bills are being cashed in the sheriff's office and used for personal funds.

The sheriff's office does not follow procedures to ensure all receipts are accounted for by balancing cash and checks collected to the accounting system and deposit tickets to the ledger. Without appropriate policies and procedures, the risk of misstatements in reporting of tax receipts significantly increases due to error or fraud. The risk of receipts being collected and not deposited also increases. KRS 64.850 states "[i]t shall be unlawful for any county official to deposit public funds with individual or private funds in any bank or other depository or for any such official to withdraw public funds for any purpose other than that for which they were received and deposited." Strong internal controls and proper accounting procedures dictate that all receipts collected should be accounted for with a supporting receipt ticket, an entry into the accounting system to the taxpayer's bill, and reconciliation to the deposit ticket and receipts ledger. Receipts collected should have adequate support maintained.

We recommend the sheriff's office comply with KRS 64.850 and implement the following procedures:

- All monies collected should be accounted for with receipt tickets being batched daily and reconciled to the cash and checks collected per the daily collection report and daily deposit ticket. After daily receipts are accounted for, tax bill overages should be mailed back to the taxpayer by check, and tax bill shortages should be put on the tax bill as partially paid or the check should be sent back to the taxpayer with a request for the correct payment amount.
- Deposits should be made intact daily.
- Cash and checks per the daily deposit report should be reconciled daily and agree to the system and the bank deposit ticket.
- Personal funds should not be deposited into the tax bank accounts.
- Sheriff employees should not cash personal checks in the sheriff's office.
- Researching tax bill monies should be deposited into the fee account.

*Sheriff's Response: None.*

MARION COUNTY  
 JIMMY CLEMENTS, SHERIFF  
 COMMENTS AND RECOMMENDATIONS  
 For The Period April 16, 2015 Through April 15, 2016  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2015-003 The Sheriff Did Not Provide Sufficient Oversight For Franchise Bill Processing

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As part of normal audit procedures, auditors recalculated franchise bills and distilled spirits bills. The following issues and errors were noted during this testing:

- The sheriff deposited \$31,949 in franchise bills from May, June and July of 2015. These funds were not distributed to districts until September 2015.
- There was a math error on one franchise bill calculation.
- Franchise bills were created by the sheriff instead of the clerk.
- Inventory in transit taxes on two distilled spirits bills were not billed correctly. The incorrect preparation of these bills resulted in the taxpayers being overcharged \$10,359. The sheriff distributed \$17,310 too much to the school district and \$3,431 too much to the county. The sheriff distributed too little to the special taxing districts: the Air Board distribution was short \$882, the Health district distribution was short \$2,406, the Extension district distribution was short \$2,522, and the Library district distribution was short \$4,572. In addition, the amount of commission earned on these incorrect bills totaled \$342. These amounts should be returned to the tax account from the fee account in order to refund the overage to the companies.
- Upon further review, two bills were not prepared correctly in the prior year, resulting in \$8,367 in undercharges to the taxpayer and due to the districts.
- Discounts were given on franchise bills that are not subject to discounts. This resulted in \$4,826 underpayment by taxpayers and tax distributions to districts shorted.

Errors in franchise billings seem to be caused by the lack of oversight and review of franchise bills by the sheriff or someone else knowledgeable about the intricacies of franchise tax billing. Errors in the preparation of bills and payments not distributed timely cause delays in the distribution of needed money to taxing districts and can cause taxpayers to over or under pay tax bills. Giving discounts on bills where discounts are not allowed deprives taxing districts of collections. KRS 134.191 requires the sheriff to distribute tax collections by the 10<sup>th</sup> of the month following the month of collection to the taxing districts. This requirement also applies to franchise tax payments collected before the regular tax collection period begins. The *Real Property Tax Duties of the County Clerk* manual issued by the Department of Revenue Office of Property Valuation requires franchise bills to be prepared by the county clerk's office. The sheriff should then review or designate a knowledgeable employee to review the bills for accuracy before mailing the bills to taxpayers. We have the following recommendations for the sheriff:

- Distribute the taxes collected to taxing districts by the 10<sup>th</sup> of the month following the month of collection as required by state law.
- Seek additional training and guidance from the state Department of Revenue for personnel so that franchise bills are accurately billed.
- Contact taxing districts and the taxpayer affected by the distilled spirits bill errors noted above and collect and distribute funds to rectify the errors.
- We further recommend the sheriff work with the clerk to ensure all franchise bills are prepared correctly and are billed and mailed timely.

*Sheriff's Response: None.*

