



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for Knott County Sheriff Dale Richardson. 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 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 sheriff's financial statement fairly presents the taxes charged, credited and paid for the period April 18, 2017 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 sheriff did not accurately prepare the annual settlement of tax collections:** The annual tax settlement was materially misstated when presented to the fiscal court. The franchise settlement provided to the fiscal court contained \$207,169 of franchise taxes. When auditors reviewed franchise taxes, we found the settlement did not include \$764,905 of franchise taxes. Once we made the sheriff's office aware of this, they corrected the settlement; however, the sheriff did not have controls in place to detect this error.

The sheriff did not implement proper control procedures to ensure the annual tax settlement was prepared as an accurate representation of tax activity. Failing to provide an accurate tax settlement limits the fiscal court's ability to hold the sheriff's office accountable for tax collections and disbursements.

KRS 134.192 requires each sheriff to annually settle his tax accounts on or before September 1 of each year. Furthermore, the annual 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. The settlement shall show the amount of taxes collected and disbursed for the county, school district, and all tax districts.

We recommend the sheriff's office prepare a reasonably accurate annual tax settlement and comply with KRS 134.192.

*Sheriff's Response: We have already developed procedures to address this issue.*

*(1) We will run a payment report from the computer to determine total payments.*

*(2) We will compare the computer printout to the county settlement for accuracy.*

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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