



Auditor of Public Accounts
Mike Harmon

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Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Harmon Releases Audit of Shelby County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2018 taxes for Shelby County Sheriff Mark Moore. 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 January 1, 2019 through April 15, 2019 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 prepare an accurate franchise tax settlement: The Shelby County Sheriff's franchise settlement presented to the fiscal court included the outgoing sheriff's franchise tax information which included \$1,006,082 in taxes collected and \$20,829 for commissions paid for the period May 1, 2018 through December 31, 2018.

This was an oversight by management. Management was not aware the complete franchise settlement needed to be presented for the outgoing tax collection for the period May 1, 2018 through December 31, 2018. The year to date franchise tax settlement was presented to the fiscal court on June 18, 2019 as required for the incoming tax settlement for the period January 1, 2019 through April 15, 2019. However, the franchise settlement included amounts that were not previously reported for the period May 1, 2018 through December 31, 2018.

The sheriff did not present an accurate franchise tax settlement to the fiscal court as required by statute. The franchise settlement presented included amounts for the outgoing sheriff franchise tax collections for the period May 1, 2018 through December 31, 2018. The amounts included for prior period franchise tax were material to the financial statement.

Per KRS 134.192 (1), “Each 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” and KRS 134.192 (5) “[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 ensure that a complete and accurate franchise tax settlement be completed, for the proper tax period, prior to submission to the fiscal court for approval.

Sheriff’s Response: I was not aware that I needed to present the outgoing sheriff’s franchise collections from 5/1/2018 – 12/31/2018. We now know this and will do so in the future. All of the money is there, it was just a reporting error.

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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