



Auditor of Public Accounts  
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### **Edelen Releases Audit of McCracken County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the sheriff's settlement – 2010 taxes for McCracken County Sheriff Jon Hayden. 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.

The audit found that the sheriff's financial statement fairly presents the taxes charged, credited and paid, for the period April 16, 2010 through April 15, 2011, in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance 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 comments:

**The McCracken County Sheriff should not have a deficit in his official tax account.** The McCracken County Sheriff has a deficit of \$4,448 in his tax account. The deficit results from a 10 percent penalty assessed for taxes due to the Kentucky Department of Revenue of \$44,484.

The 10 percent penalty assessed by the Department of Revenue was a result of the Sheriff not paying the proper amount of taxes due to the State in a timely manner. This was the result of inaccurate monthly reports generated by the tax software program.

Regardless of the cause, such penalties do not qualify as an allowable expenditure of the tax or fee accounts. Therefore, we recommend that the Sheriff settle the deficit in his official tax account by depositing \$4,448 of personal funds.

*Sheriff's response: Because this deficit was the result of inaccurate software reporting by the software vendor, our tax software vendor agreed to reimburse the sheriff's office for this penalty and the deficit has been settled as of the close of this audit.*

**The McCracken County Sheriff should have made deposits on a timely basis.** Audit procedures over tax collections revealed the Sheriff was not making daily deposits. Instead, deposits were being made whenever a uniformed officer was available. This practice left receipts vulnerable to misappropriation and loss.

According to KRS 68.210, fee officials are required to make daily deposits intact into a federally insured banking institution. The Sheriff should have complied with KRS 68.210 by making daily deposits.

*Sheriff's response: All funds awaiting deposit are protected in a locked, fireproof vault until they are taken to the bank. It is the practice of our office for only uniformed officers to take deposits to the bank for safety and security reasons. However, there were some days in which officers were predisposed with other duties and deposits were left undeposited while they were protected in a fireproof vault. The title of this comment states that the office did not make deposits on a timely basis, which in our view is somewhat misleading. There were only a minimal amount of instances where daily deposits did not occur and the deposits were made within a matter of 2 to 4 days. The banks operating hours also do not allow deposits to be made at the end of the sheriff's office work day.*

Auditor's reply: The Sheriff's response states that the title of this comment is "somewhat misleading". The Sheriff also states that "deposits were made within a matter of 2 to 4 days" when uniformed officers were available. While it may be the opinion of the Sheriff that the title to the comment is misleading, the fact remains that deposits were not made on a timely basis. For dates that were selected for testing, auditors noted delays in deposits up to and in excess of one week. It is because of this that we recommend the Sheriff comply with KRS 68.210 by making daily deposits intact, into a federally insured banking institution.

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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