



Auditor of Public Accounts
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Harmon Releases Audit of Boone County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement-2013 taxes for Boone County Sheriff Michael A. Helmig. 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 16, 2013 through April 15, 2014 in conformity with the regulatory 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 comment:

The sheriff's listing of exonerations is not maintained in the manner prescribed by the Department of Revenue. The sheriff's listing of exonerations is not being maintained in the manner required by the Kentucky Department of Revenue because the sheriff's software program does not provide an individual listing of exonerated amounts that comprise totals used

in the preparation of the sheriff's settlements. The sheriff's exoneration listing also includes exonerated assessments that resulted in refunds.

Sheriff's totals for exoneration increases and decreases produced by the software system were adjusted significantly during the preparation of the sheriff's settlements. During the audit process, we were unable to verify the accuracy of the sheriff's listing of exonerations and subsequent adjustments due to the inadequacy of the software program.

In the manual "Property Tax Duties of Sheriff's Office," prepared by the Office of Property Valuation, December 2014, the Department of Revenue requires sheriffs to properly maintain a listing of exonerations. Specifically, the manual states, "Each exoneration form needs to be properly maintained by the sheriff and a report that lists each exoneration amount will need to be generated for review by both the Department of Revenue field staff and personnel with the State Auditor's Office."

We recommend the sheriff maintain an exoneration listing in a manner that reflects each individual exoneration amount as required by the Department of Revenue. Additionally, the listing of exonerations should not include exonerations that resulted in a refund.

Sheriff's response: The exoneration report mentioned above does include refund exonerations that were adjusted. The report was recreated and proven accurate. We will discuss a redesign of the report with our IT department.

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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