



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 Greenup County Sheriff's Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2014 taxes for Greenup County Sheriff Keith Cooper. 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, 2014 through April 16, 2015 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 comments:

The sheriff has not collected amounts due from several entities or paid amounts owed to taxing districts for the 2013, 2012, 2011, and 2010 tax years. The sheriff did not collect amounts due from several entities determined by audits for the 2013, 2012, 2011, and 2010 tax years. Since the sheriff has not collected the amounts due, he has not been able to pay the amounts owed to taxing districts, including the county. KRS 64.820 says the county shall collect

any amount due from county officials as determined by the audit. Although there should be no netting of receivables and liabilities for any of the tax years, we chose to give the sheriff credit regardless of whether he paid a district out of the correct tax year account since the prior year tax bank accounts have been closed. The amount due to the is also reported in the fee account audit because we have combined the amounts due to the county with the amounts due to the fee account, which ultimately become excess fees to the county. Please note that had the sheriff collected the amounts based on the 2013, 2012, 2011, and 2010 audits, there would have been a cumulative surplus of \$6,092 for those tax years. We recommend the sheriff take the necessary action to collect the amounts due in order to be able to pay the amounts owed to the taxing districts as shown below. Once this is done, the surplus of \$6,092 should be escrowed for three years and if not claimed, sent to the Kentucky State Treasurer.

| Due From: | | Due To: | |
|-----------------------|-------------------------|---------------------|-------------------------|
| Common School | \$ 5,566 | County | \$ 2,591 |
| Wurtland VFD | 201 | Load VFD | 7,929 |
| South Shore VFD | 171 | | |
| Lloyd VFD | 221 | | |
| Maloneton VFD | 8,184 | | |
| Little Sandy VFD | 896 | | |
| City of Wurtland | 1,006 | | |
| City of Raceland | <u>367</u> | | |
| Total Due From | <u><u>\$ 16,612</u></u> | Total Due To | <u><u>\$ 10,520</u></u> |

Sheriff's Response: Letters were sent to these people, no response.

The sheriff's office lacks adequate segregation of duties. The sheriff's office has a lack of segregation of duties. Good internal controls dictate the same employee should not handle and record receipts and disbursements. The bookkeeper recorded all tax transactions, prepared the monthly tax reports, and reconciled the bank account. Inadequate segregation of duties increases the risk of undetected misappropriation of assets and inaccurate financial reporting. To mitigate this deficiency, the sheriff should implement the following compensating controls: cash from tax collections should be recounted and deposited by the sheriff, the sheriff should agree daily tax collection totals to the receipts ledger and deposit ticket, and the sheriff should agree monthly tax reports to the receipts ledger and disbursements ledger. We recommend the sheriff perform the above procedures and document the controls as evidence of their existence to compensate for the significant deficiency in the sheriff's internal controls.

Sheriff's response: Same as every year. No \$ to hire enough people.

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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