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## **Auditor Harmon Testifies in Support of Senate Bill Dealing with City Audits**

*Senate Bill 91 would improve enforcement of current laws, penalties on failure to conduct annual audits*

**FRANKFORT, Ky. (January 31, 2018)** – Mike Harmon, Kentucky’s 47<sup>th</sup> Auditor of Public Accounts, today testified before the Senate Standing Committee on State and Local Government in support of Senate Bill 91. Auditor Harmon joined Senator Majority Whip Mike Wilson, R-Bowling Green, and representatives from the Kentucky League of Cities in presenting the proposed legislation.

If it becomes law, SB 91 would improve the enforcement of the requirement of cities in Kentucky to have annual audits already set forth in statute, which would include withholding of state funds for cities that haven’t completed annual audits. Auditor Harmon says the bill came in about, in part, because of the special examination for the city of Whitesburg released by his office last month.

“During our examination, we discovered Whitesburg had not been audited since Fiscal Year 2009. Even after the city told us they planned to catch up on past audits, they intentionally skipped three years without any penalty,” said Auditor Harmon. “The lack of audits concealed a range of issues, including hundreds of thousands of dollars of uncollected water bills and inability to produce basic financial reports.”

“For the sake of the taxpayers, we must hold those cities financially responsible who don’t obtain annual audits,” Auditor Harmon added. “It is an issue of proper transparency and accountability, which is why I’m supporting this bill.”

SB 91 would allow state funds to be withheld from cities that don’t have an audit completed in a timely fashion, which is similar to penalties if a city fails to submit its Uniform Financial Information Report (UFIR) to the Department for Local Government. In addition, the bill would

allow Kentucky cities with less than a population of 2,000 to have an audit performed every other year instead of annually, unless required by another government agency.

SB 91 was passed unanimously by the Senate Committee on State and Local Government, and moves on to the full Senate for consideration.

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