



Auditor of Public Accounts  
Mike Harmon

**FOR IMMEDIATE RELEASE**

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### **Harmon Releases Audit of Caldwell County Sheriff's Tax Settlement**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2017 taxes for Caldwell County Sheriff Stan Hudson. 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 18, 2017 through April 16, 2018 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 Caldwell County Sheriff failed to distribute interest monthly:** This is a repeat finding and was included in the prior year audit report as Finding 2016-003. The sheriff failed to turn over interest payments on a monthly basis. During the 2017 tax year, the sheriff made three payments to the school board and three payments to the sheriff's fee account for interest earned on tax collections. According to the staff of the sheriff's office, interest checks were only written when large amounts of interest were received. Because interest earnings were not paid to the school

district or fee account on a monthly basis, the school and fiscal court were denied access to proceeds of interest from tax collections. KRS 134.140(2) states in part, “[a]s part of the monthly distribution of taxes to a district board of education as required by KRS 134.191, the sheriff shall pay to the board of education that part of the investment earnings for the month which are attributable to the investment of school taxes[.]” We recommend the sheriff turn over all interest earnings to the school and sheriff’s fee account as part of the monthly distribution of taxes to the districts.

*Sheriff’s Response: The fourteen dollar interest payment to the school was included in a commission adjustment check issued in May 2018. The Sheriff’s Office will document this in the check memo when interest is paid.*

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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