

**REPORT OF THE AUDIT OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2016 TAXES**

**For The Period
April 16, 2016 Through April 17, 2017**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Perry Newcom, Crittenden County Judge/Executive

The Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the Crittenden County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 17, 2017 - Regulatory Basis, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements*, issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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To the People of Kentucky

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Crittenden County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited and paid of the Crittenden County Sheriff, for the period April 16, 2016 through April 17, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2016 through April 17, 2017 of the Crittenden County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018, on our consideration of the Crittenden County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crittenden County Sheriff's internal control over financial reporting and compliance.

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Perry Newcom, Crittenden County Judge/Executive

The Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Other Reporting Required by *Government Auditing Standards* (Continued)

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comments:

- 2016-001 The Crittenden County Sheriff Has No Internal Controls Or Policies And Procedures In Place Over The Tax Collection Process
- 2016-002 The Crittenden County Sheriff's Office Lacks Segregation Of Duties
- 2016-003 The Crittenden County Sheriff's Office Did Not Review Franchise Tax Bills Prior To Mailing In Order To Ensure Accuracy
- 2016-004 The Crittenden County Sheriff Failed To Distribute Franchise Taxes By The Tenth Day Each Month
- 2016-005 The Sheriff Failed To Distribute Interest To The School On A Monthly Basis

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

May 10, 2018

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SHERIFF'S SETTLEMENT - 2016 TAXES

For The Period April 16, 2016 Through April 17, 2017

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 390,155	\$ 489,135	\$ 1,570,797	\$ 413,903
Tangible Personal Property	28,688	29,362	110,586	89,522
Fire Protection	1,916			
Increases Through Exonerations		30		
Franchise Taxes	40,877	40,996	158,737	
Minimum Bills Collected				1
Additional Billings	1,297	1,541	5,196	1,375
Limestone, Sand and Gravel Reserves	596	601	2,399	632
Penalties	2,320	3,265	9,306	2,523
Adjusted to Sheriff's Receipt	(24)	3,838	(130)	(39)
Gross Chargeable to Sheriff	<u>465,825</u>	<u>568,768</u>	<u>1,856,891</u>	<u>507,917</u>
<u>Credits</u>				
Exonerations	2,996	3,779	11,969	3,213
Discounts	6,578	7,933	26,284	7,916
Delinquents:				
Real Estate	5,485	9,119	22,028	5,805
Tangible Personal Property	95	95	367	345
Franchise Taxes	1,315	1,313	5,070	
Delinquent Fire Dues		600		
Mimumum Bills	2	1	3	5
Total Credits	<u>16,471</u>	<u>22,840</u>	<u>65,721</u>	<u>17,284</u>
Taxes Collected	449,354	545,928	1,791,170	490,633
Less: Commissions *	<u>19,098</u>	<u>21,135</u>	<u>71,647</u>	<u>20,852</u>
Taxes Due	430,256	524,793	1,719,523	469,781
Taxes Paid	428,460	522,972	1,715,559	466,739
Refunds (Current and Prior Year)	<u>1,848</u>	<u>1,914</u>	<u>7,279</u>	<u>3,942</u>
Due Districts or (Refunds Due Sheriff) as of Completion of Audit	<u>\$ (52)</u>	<u>\$ (93)</u>	<u>\$ (3,315)</u>	<u>\$ (900)</u>

**

* and ** See next page.

The accompanying notes are an integral part of this financial statement.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SHERIFF'S SETTLEMENT - 2016 TAXES
 For The Period April 16, 2016 Through April 17, 2017
 (Continued)

* Commissions:

4.25% on	\$	1,394,052
4% on	\$	1,791,170
2% on	\$	91,863

** Special Taxing Districts:

Library District	\$	(20)
Health District		(11)
Extension District		(13)
Tradewater Flood Plain District		10
Mattoon VFD		(30)
Shady Grove VFD		(58)
Salem VFD		(356)
Sheridan VFD		132
Tolu VFD		253
		<hr/>

Due Districts or

(Refunds Due Sheriff)

\$ (93)

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

April 17, 2017

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Crittenden County Sheriff maintained deposits of public funds with depository institutions insured by the FDIC as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of April 17, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 15, 2016, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ 438,960

CRITTENDEN COUNTY
 NOTES TO FINANCIAL STATEMENT
 April 17, 2017
 (Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2016. Property taxes were billed to finance governmental services for the fiscal year ended June 30, 2017. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 22, 2016 through April 17, 2017.

B. Limestone, Sand, and Gravel Property Taxes

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2016. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 16, 2016 through April 17, 2017.

C. Franchise Taxes

The franchise tax assessments were levied by the Kentucky Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 16, 2016 through April 17, 2017.

Note 4. Interest Income

The Crittenden County Sheriff earned \$700 as interest income on 2016 taxes. As of May 10, 2018, the sheriff owed \$44 in interest to the school district and \$69 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Crittenden County Sheriff collected \$14,806 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office. As of May 10, 2018, the Sheriff owed \$2,033 in 10% add-on fees to his fee account.

Note 6. Unrefundable Duplicate Payments And Unexplained Receipts

The sheriff deposited unrefundable duplicate payments and unexplained receipts in an interest-bearing account. The sheriff's escrowed amounts were as follows:

2011	\$1,237
2012	\$544
2013	\$1,347
2014	\$378
2015	\$120

KRS 393.090 states that if the funds have not been claimed after three years, they are presumed abandoned. Abandoned funds are required to be sent to the Kentucky State Treasurer pursuant to KRS 393.110 and its accompanying regulations.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Perry Newcom, Crittenden County Judge/Executive
The Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Crittenden County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 17, 2017 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated May 10, 2018. The Crittenden County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Crittenden County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Crittenden County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crittenden County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2016-001, 2016-002, and 2016-003 to be material weaknesses.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Crittenden County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2016-001, 2016-004, and 2016-005.

Views of Responsible Official and Planned Corrective Action

The Crittenden County Sheriff's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

May 10, 2018

SCHEDULE OF FINDINGS AND RESPONSES

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CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 16, 2016 Through April 17, 2017

FINANCIAL STATEMENT FINDINGS:

2016-001 The Crittenden County Sheriff Has No Internal Controls In Place Over The Tax Collection Process

The Crittenden County Sheriff does not have any internal controls in place over the tax collection process. This lack of controls resulted in the following:

- The sheriff failed to reconcile 2016 property tax bills to the official receipt; therefore, tax bill errors were not discovered prior to bills being mailed to taxpayers.
- Multiple errors occurred on the monthly reports, such as payments handled outside of the system not being added to the monthly reports properly.
- Deposits were made into the wrong bank account, including franchise taxes deposited into a prior year tax account that were not corrected until approximately three months later.
- Bank reconciliations were not done properly. Deposit errors, returned checks, and other issues were not caught when bank reconciliations were completed.
- Eight bills were distributed twice on the monthly reports.
- One additional bill was collected outside the tax software and was not added to the monthly reports. This bill was distributed to the districts; however, the distributions were not calculated correctly.
- Five tax distribution checks were sent to and deposited by the wrong volunteer fire department.
- Two bills were turned over as delinquent that had actually been collected and one bill was paid in October 2016 but not recorded in the tax system until April 2017.
- Taxes collected of \$5,060 were deposited into the sheriff's fee account that created a deficit in the tax account. This was only discovered and corrected after auditors performed additional searches in order to explain the potential deficit.

Rather than implement a systematic approach for handling the collection of taxes, the sheriff relies on a single employee without sufficient documented oversight. As a result of the lack of controls, the findings listed above occurred. Additionally, this lack of internal controls has created the opportunity for fraud and undetected errors.

Strong internal controls over tax collections are essential to ensure that taxes collected are accounted for properly. Strong internal controls help to prevent or detect misstatements due to error, as well as protect against misappropriation of assets. Additionally, KRS 134.119(3)(b) states, "[a]ll payments received by the sheriff shall be entered immediately by the sheriff on his or her books."

We recommend the sheriff implement internal controls over the tax collection process, such as documented management oversight of the daily checkout process, performing monthly reconciliations by comparing daily deposits and checkout sheets to bank statements and the monthly reports, documented management oversight of monthly reports and reconciliations, and comparing daily collection reports to the deposits. We also recommend the sheriff reconcile the annual property tax bills to the corresponding official receipt prior to signing.

Sheriff's Response: Working on this with suggestions from auditors since we have a small department.

2016-002 The Crittenden County Sheriff's Office Lacks Segregation Of Duties

This is a repeat finding and was included in the prior year report as finding 2015-002. The Crittenden County Sheriff's office lacks adequate segregation of duties. The bookkeeper was required to perform multiple tasks such as collection of cash from customers, deposit preparation, the bookkeeping function, bank reconciliations, the preparation of monthly reports, and the preparation of checks for disbursements. All of this was performed with little to no management supervision.

CRITTENDEN COUNTY
 WAYNE AGENT, SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period April 16, 2016 Through April 17, 2017
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2016-002 The Crittenden County Sheriff's Office Lacks Segregation Of Duties (Continued)

According to the sheriff and bookkeeper, this condition is caused by the diversity of operations with a limited number of staff.

Segregation of duties or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. A lack of segregation of duties or strong oversight could result in undetected misappropriation of assets, inaccurate financial reporting, or material non-compliances as previously described in comment 2016-001.

To adequately protect against the misappropriation of assets and inaccurate financial reporting, the sheriff should segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated due to a limited number staff, strong management oversight by the sheriff or designee can be a cost effective alternative. This oversight should include reviewing daily checkout sheets and deposits, reviewing monthly bank reconciliations and monthly reports. Documentation, such as the sheriff's or a designee's initials or signature, should be provided on those items that are reviewed. Dual signatures should also be required on all checks.

Sheriff's Response: The sheriff did not provide a response.

2016-003 The Crittenden County Sheriff's Office Did Not Review Franchise Tax Bills Prior To Mailing In Order To Ensure Accuracy

The Crittenden County Sheriff's office had five franchise tax bills that were prepared incorrectly. In April 2016, these five franchise bills were created for and sent to the wrong companies. This was not discovered and corrected until May 2017. The Crittenden County Sheriff's office also collected an amended franchise bill at a discount.

When creating the bills, the county clerk's software was not updating the company name properly. Due to a lack of oversight, this error was not caught and corrected by the sheriff's office. Because bills were being sent to the wrong companies, the sheriff's office experienced a delay in collecting these franchise taxes and could have experienced taxes being paid by the wrong company.

Strong internal controls are essential to ensure all franchise tax bills are prepared properly and sent to the correct companies.

We recommend that the Crittenden County Sheriff's office review all franchise tax bills prior to mailing the bills in order to ensure bills are prepared properly.

Sheriff's Response: Franchise bills are sent from the state. These bills are prepared by another office and brought to us to mail out and collect them once they bring them to us. I have been instructed by the auditors to start rechecking these bills for accuracy and we have started this procedure.

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period April 16, 2016 Through April 17, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2016-004 The Crittenden County Sheriff Failed To Distribute Franchise Taxes By The Tenth Day Each Month

This is a repeat finding and was included in the prior year report as finding 2015-001. The Crittenden County Sheriff did not prepare monthly reports and provide payment of the franchise taxes to the taxing districts by the tenth day of the month following collections for seven out of eight months.

Late payments to the taxing districts are the result of poor internal controls and lack of oversight over franchise tax collections and distributions. Because the sheriff did not distribute franchise tax collections by the tenth day of the month following collections, he is not in compliance with KRS 134.191. Furthermore, the taxing districts rely on these tax collections to provide public services, and these services could suffer as a result of not receiving tax collections in a timely manner.

KRS 134.191(1) states, “[t]he sheriff shall provide monthly reports by the tenth day of each month to the chief executive of the county, the department, and any other district for which the sheriff collects taxes.” KRS 134.191(3) states, “[a]t the time of making the report, the sheriff shall pay to the county treasurer or other officer designated by the governing body of a county, to the department, and to any other district for which the sheriff collects taxes, all funds belonging to the county, the state, or the district that were collected during the period covered by the report.”

We recommend that the Crittenden County Sheriff ensure all monthly reports are prepared and all payments are made to the taxing districts by the tenth day of each month.

Sheriff's Response: The sheriff did not provide a response.

2016-005 The Sheriff Failed To Distribute Interest To The School On A Monthly Basis

The sheriff failed to distribute interest to the school monthly. Instead, the sheriff distributed the entire portion of interest to the school at the end of the tax year.

As in past years, the sheriff elected not to pay the interest out each month. As a result, the sheriff was not in compliance with KRS 134.140(2).

KRS 134.140(2) states, “[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, less an amount not to exceed four percent (4%) of the earned monthly investment income to reimburse the sheriff for the costs of administering the investment.”

We recommend the sheriff comply with KRS 134.140(2), by distributing interest to the school and the fee account each month interest is earned.

Sheriff's Response: We have come up with a plan to try and make this better.