



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 Floyd County Sheriff's Unmined Coal Tax Settlement

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the sheriff's settlement – 2016 unmined coal taxes for Floyd County Sheriff John P. Hunt. 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 August 16, 2016 through September 18, 2017 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 sheriff transferred the certification of delinquency for unmined coal tax bills prior to the end of the collection period required by statute: The sheriff transferred unmined coal tax bills as delinquent to the county clerk on September 18, 2017. However, the official receipt for

unmined coal property was dated April 26, 2017. The tax collection period for these bills should have been May 1, 2017 through June 30, 2017 without a penalty. The collections may still occur after this date with a penalty for an additional 3 months and 15 days, or October 15, 2017, before being transferred as delinquent.

Due to lack of management's knowledge of the tax collection period requirements per statute, the sheriff turned over the unmined coal property tax bills as delinquent to the county clerk prior to the end of tax collection schedule.

The Floyd County Sheriff is not in compliance with KRS 134.122. The unmined coal property tax bills should have been collected for another 30 days. As a result, tax payers were prematurely subjected to additional fees and sale of the bills to third party purchasers once bills were turned over as delinquent to the county clerk.

KRS 134.122(1)(a) states, '[t]he sheriff shall, on April 15 or three (3) months and fifteen (15) days from the date the taxes were due under an alternative collection schedule, file all tax claims on real and personal property remaining in his or her possession with the county clerk[.]'

We recommend the sheriff's office comply with KRS 134.122(1)(a) for unmined coal property taxes.

Sheriff's Response: We will collect the appropriate time.

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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