

**REPORT OF THE AUDIT OF
MOTOR VEHICLE AND MOTORBOAT TAXES
AND REGISTRATION FEES COLLECTED AND REMITTED
TO THE COMMONWEALTH OF KENTUCKY
BY EACH COUNTY CLERK**

**For The Year Ended
December 31, 2018**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Greg Thomas, Secretary, Kentucky Transportation Cabinet
William M. Landrum III, Secretary, Finance and Administration Cabinet
Gail Russell, Secretary, Public Protection Cabinet

Independent Auditor's Report

Report on the Schedules

We have audited the accompanying Schedule of Motor Vehicle and Motorboat Taxes and Registration Fees Collected and Paid to the Commonwealth of Kentucky by Each County Clerk - Cash Basis for the year ended December 31, 2018, the accompanying Schedule of Vehicle Registration Fees Payable to the Commonwealth by Each County Clerk - Cash Basis for the year ended December 31, 2018, and the related notes to the schedules.

Management's Responsibility for the Schedules

Management of the Kentucky Transportation Cabinet and each respective county clerk is responsible for the preparation and fair presentation of the elements included in the schedules in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the schedules in the circumstances. Management of the Kentucky Transportation Cabinet along with each respective county clerk is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedules based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, 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 schedules 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 schedules.

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



Greg Thomas, Secretary, Kentucky Transportation Cabinet
William M. Landrum III, Secretary, Finance and Administration Cabinet
Gail Russell, Secretary, Public Protection Cabinet

Opinion

In our opinion, the schedules referred to above present fairly, in all material respects, the cash basis presentation of the motor vehicle and motorboat taxes and registration fees collected and paid, and the registration fees payable to the Commonwealth of Kentucky by each county clerk as of and for the year ended December 31, 2018.

Basis of Accounting

We draw attention to Note 1 of the schedules which describes the basis of accounting. As discussed in Note 1, the schedules are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

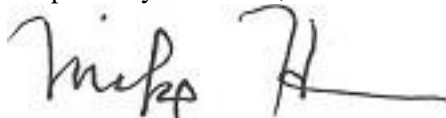
Restriction on Use

This report is intended solely for the information and use of the Kentucky Transportation Cabinet, the Kentucky Finance and Administration Cabinet, and each county clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2019, on our consideration of the Kentucky Transportation Cabinet's and each respective county clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 of the effectiveness of the Kentucky Transportation Cabinet's and each respective county clerk's 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 Kentucky Transportation Cabinet's and each respective county clerk's internal control over financial reporting and compliance.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

April 11, 2019

SCHEDULE OF MOTOR VEHICLE AND MOTORBOAT TAXES AND
REGISTRATION FEES COLLECTED AND PAID TO THE
COMMONWEALTH OF KENTUCKY BY EACH COUNTY CLERK

For The Year Ended December 31, 2018

County	Usage Tax	Ad Valorem Tax	License Fees
Adair	\$ 2,413,587	\$ 515,194	\$ 731,141
Allen	1,163,482	634,058	480,263
Anderson	2,332,489	892,208	611,779
Ballard	830,758	358,033	276,021
Barren	4,121,513	1,392,324	1,116,206
Bath	440,302	339,181	272,093
Bell	1,955,260	563,141	423,305
Boone	15,846,911	5,119,360	2,879,622
Bourbon	6,095,683	844,097	738,490
Boyd	4,810,785	1,569,486	966,303
Boyle	3,776,251	932,556	620,232
Bracken	659,509	285,369	221,370
Breathitt	427,682	321,292	237,242
Breckinridge	1,237,961	745,865	653,782
Bullitt	5,813,027	2,910,652	1,847,924
Butler	677,583	1,303,614	542,941
Caldwell	998,132	442,650	372,111
Calloway	4,028,584	1,206,145	951,773
Campbell	8,627,967	2,759,490	1,590,527
Carlisle	528,668	279,507	217,428
Carroll	1,381,549	330,752	271,692
Carter	2,726,002	990,430	752,045
Casey	584,495	470,396	426,553
Christian	5,761,043	1,575,265	1,441,134
Clark	3,424,073	1,390,107	897,040
Clay	890,938	498,339	367,677
Clinton	536,943	315,404	310,303
Crittenden	506,305	301,055	229,185
Cumberland	501,454	220,764	203,956
Daviess	9,130,602	3,171,033	2,411,580
Edmonson	545,922	452,092	309,073
Elliott	210,540	128,077	115,291
Estill	466,205	379,146	326,392
Fayette	37,854,064	14,776,937	5,992,389
Fleming	1,436,615	526,154	391,996
Floyd	5,666,111	1,905,221	1,060,012
Franklin	6,334,461	1,670,591	1,217,938
Fulton	415,104	156,770	155,501
Gallatin	681,482	279,809	213,628
Garrard	660,328	656,549	409,391
Grant	3,154,580	947,601	567,072

SCHEDULE OF MOTOR VEHICLE AND MOTORBOAT TAXES AND
REGISTRATION FEES COLLECTED AND PAID TO THE
COMMONWEALTH OF KENTUCKY BY EACH COUNTY CLERK
For The Year Ended December 31, 2018
(Continued)

County	Usage Tax	Ad Valorem Tax	License Fees
Graves	\$ 4,588,188	\$ 1,285,281	\$ 1,205,625
Grayson	1,508,557	872,655	821,968
Green	397,720	324,533	284,427
Greenup	3,251,966	1,206,812	749,708
Hancock	353,634	305,718	249,044
Hardin	14,231,239	3,346,917	2,454,666
Harlan	1,298,952	696,997	497,024
Harrison	960,257	640,353	423,395
Hart	1,496,801	511,884	478,471
Henderson	4,005,494	1,516,596	1,119,132
Henry	807,605	542,335	384,951
Hickman	396,138	197,131	168,755
Hopkins	4,204,268	1,527,804	1,137,793
Jackson	408,848	352,680	281,001
Jefferson	78,100,778	29,179,120	14,468,813
Jessamine	11,699,045	1,968,434	1,446,493
Johnson	2,958,719	789,345	517,210
Kenton	15,794,846	4,813,147	2,725,805
Knott	918,593	462,328	280,938
Knox	3,935,872	1,318,757	906,751
Larue	555,327	481,620	393,916
Laurel	7,163,578	1,746,360	1,489,502
Lawrence	996,822	467,032	299,917
Lee	175,154	167,420	167,888
Leslie	439,930	330,774	236,459
Letcher	1,808,375	745,783	476,717
Lewis	810,144	335,261	277,358
Lincoln	745,981	740,977	532,468
Livingston	784,907	407,632	347,238
Logan	1,909,105	885,601	836,546
Lyon	632,711	378,932	302,986
McCracken	7,845,155	2,385,347	1,507,177
McCreary	532,815	324,138	334,399
McLean	986,942	376,897	374,967
Madison	12,200,838	2,766,791	1,866,387
Magoffin	482,045	367,348	285,731
Marion	891,353	610,782	509,314
Marshall	3,564,527	1,430,915	1,041,611
Martin	722,829	372,055	214,548
Mason	1,643,680	548,953	371,897
Meade	2,929,883	954,648	717,563

SCHEDULE OF MOTOR VEHICLE AND MOTORBOAT TAXES AND
REGISTRATION FEES COLLECTED AND PAID TO THE
COMMONWEALTH OF KENTUCKY BY EACH COUNTY CLERK
For The Year Ended December 31, 2018
(Continued)

County	Usage Tax	Ad Valorem Tax	License Fees
Menifee	\$ 199,167	\$ 185,929	\$ 161,023
Mercer	1,622,981	814,585	549,273
Metcalfe	417,534	282,652	236,018
Monroe	709,582	330,568	345,652
Montgomery	3,629,809	910,672	708,117
Morgan	589,357	377,335	336,559
Muhlenberg	2,657,844	1,013,257	972,185
Nelson	4,855,073	1,701,341	1,355,568
Nicholas	277,662	252,918	150,299
Ohio	1,335,752	716,883	627,884
Oldham	7,789,257	2,712,189	1,324,364
Owen	699,288	402,749	281,012
Owsley	119,628	105,336	107,685
Pendleton	1,258,558	516,837	354,454
Perry	3,310,452	954,624	696,409
Pike	4,774,370	1,900,122	1,158,463
Powell	816,787	428,341	323,740
Pulaski	10,104,627	2,177,052	1,857,748
Robertson	105,419	90,186	57,883
Rockcastle	657,269	459,135	389,260
Rowan	3,102,009	753,505	577,771
Russell	1,081,473	595,258	526,948
Scott	4,753,750	2,475,398	1,121,771
Shelby	5,555,250	1,814,124	1,094,146
Simpson	2,231,539	585,878	531,117
Spencer	1,211,210	833,385	488,391
Taylor	2,834,737	783,560	639,047
Todd	1,066,449	356,713	453,789
Trigg	1,494,591	570,620	468,672
Trimble	397,138	294,239	197,958
Union	811,259	573,435	527,791
Warren	17,162,879	3,826,674	2,854,499
Washington	478,806	411,694	336,017
Wayne	915,978	532,082	492,309
Webster	657,223	499,274	387,909
Whitley	2,208,343	1,228,890	798,372
Wolfe	550,886	219,104	223,567
Woodford	2,202,210	1,094,815	624,763
Totals	\$ 443,440,717	\$ 157,022,166	\$ 101,345,393

SCHEDULE OF VEHICLE REGISTRATION FEES
PAYABLE TO THE COMMONWEALTH BY EACH COUNTY CLERK

For The Year Ended December 31, 2018

<u>County</u>	<u>Amount</u>	<u>County</u>	<u>Amount</u>	<u>County</u>	<u>Amount</u>
Adair	\$	Grant	\$	Mason	\$
Allen		Graves		Meade	
Anderson		Grayson		Menifee	
Ballard		Green		Mercer	
Barren		Greenup		Metcalfe	
Bath		Hancock		Monroe	
Bell		Hardin		Montgomery	
Boone		Harlan		Morgan	
Bourbon		Harrison		Muhlenberg	
Boyd		Hart		Nelson	
Boyle		Henderson		Nicholas	
Bracken		Henry		Ohio	
Breathitt		Hickman		Oldham	
Breckinridge		Hopkins		Owen	
Bullitt		Jackson		Owsley	
Butler		Jefferson		Pendleton	
Caldwell		Jessamine		Perry	
Calloway	154.50	Johnson		Pike	
Campbell		Kenton	53.50	Powell	
Carlisle		Knott		Pulaski	
Carroll		Knox		Robertson	
Carter		Larue		Rockcastle	
Casey		Laurel		Rowan	
Christian		Lawrence		Russell	
Clark		Lee		Scott	
Clay		Leslie		Shelby	
Clinton		Letcher		Simpson	
Crittenden		Lewis		Spencer	
Cumberland		Lincoln		Taylor	
Daviess		Livingston		Todd	
Edmonson		Logan		Trigg	
Elliott		Lyon		Trimble	
Estill		McCracken		Union	
Fayette		McCreary		Warren	
Fleming		McLean		Washington	
Floyd		Madison		Wayne	
Franklin		Magoffin		Webster	
Fulton		Marion		Whitley	
Gallatin		Marshall		Wolfe	
Garrard		Martin		Woodford	

NOTE TO SCHEDULES

December 31, 2018

Note 1. Summary of Significant Accounting Policies

A. County Clerk's Fiduciary Duties

Each county clerk acts as a fiduciary agent on behalf of the Commonwealth of Kentucky to collect usage tax, ad valorem tax, and license fees. Each clerk remits 97 percent of usage tax, 96 percent of ad valorem tax, and the applicable state fees collected for license fees collected as required by statute. The remaining amounts collected are maintained by the county clerks as commissions and fees to be used for expenditures related to the operations of the county clerks' offices.

B. Accounting for Vehicle Taxes and License Fees

Receipts of the county clerks for vehicle taxes and license fees are processed through the state's Automated Vehicle Information System (AVIS). AVIS produces daily, weekly, and monthly reports which are used in posting and reconciling to the county clerks' ledgers. Usage tax is remitted daily to a state depository bank account. License and transfer fees are remitted weekly to the Kentucky Transportation Cabinet. State ad valorem taxes are remitted monthly to the Finance and Administration Cabinet Department of Revenue.

C. Basis of Accounting

The schedules have been prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting differs from GAAP primarily because revenues and expenditures of the collections of vehicle taxes and license fees are generally recognized when cash is received or disbursed rather than when incurred. The Schedule of Vehicle Registration Fees Payable is a result of additional usage tax, ad valorem tax, license fees due and inventory exceptions which result in billable items as of the calendar year ended.

The amounts presented in these schedules are included in the county clerks' financial statements, which are audited annually in accordance with KRS 43.070 and 64.810.

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Greg Thomas, Secretary, Kentucky Transportation Cabinet
William M. Landrum III, Secretary, Finance and Administration Cabinet
Gail Russell, Secretary, Public Protection Cabinet

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Schedules
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 Schedule of Motor Vehicle and Motorboat Taxes and Registration Fees Collected and Paid to the Commonwealth of Kentucky by Each County Clerk - Cash Basis for the year ended December 31, 2018, and the Schedule of Vehicle Registration Fees Payable to the Commonwealth by Each County Clerk - Cash Basis for the year ended December 31, 2018, and the related note to the schedules and have issued our report thereon dated April 11, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the schedules, we considered the Kentucky Transportation Cabinet's and each respective county clerk'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 opinions on the schedules, but not for the purpose of expressing an opinion on the effectiveness of the Kentucky Transportation Cabinet's and each respective county clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kentucky Transportation Cabinet's and each respective county clerk's internal control.

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 schedules will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and other matters, noncompliance with which could have a direct and material effect on the determination of schedule 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Kentucky Transportation Cabinet's and each respective county clerk'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,

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

April 11, 2019