

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FULTON COUNTY SHERIFF**

**For The Period
January 1, 2020 Through December 31, 2020**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 SAINT CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
FULTON COUNTY SHERIFF**

For The Period January 1, 2020 Through December 31, 2020

The Fulton County Sheriff applied for and received approval from the Auditor of Public Accounts (APA) to obtain an Agreed-Upon Procedures (AUP) engagement for calendar year 2020 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception was identified during the AUP engagement.

During the AUP engagement of the Fulton County Sheriff, the following exceptions were noted:

- The sheriff's fourth quarter financial statement did not agree to the sheriff's receipts and disbursements ledger. Receipts varied by \$5,580 and disbursements varied by \$150,410.
- The December 31, 2020 bank reconciliations were not accurate.
- Receipts were not properly accounted for. There were abnormal delays in daily receipts being deposited.
- The sheriff's current calendar year tax commissions computed to \$126,548. The tax commissions reported on the sheriff's fourth quarter financial statement were \$119,574. There is a variance of \$6,974 between the computed commissions and the reported commissions.
- Excess fees due to the fiscal court were recalculated and a balance of \$97,801 is due to the fiscal court.
- The sheriff was paid \$81,939. The statutorily required salary was \$81,937.
- The sheriff's agreements and contract payments agreed to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not disclosed properly on the fourth quarter financial statement.

Findings related to procedures for which there were no exceptions identified, and official responses to exceptions are not included in the summary above, but can be found in the full report. A copy of this report is available on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
June 22, 2021



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Jim Martin, Fulton County Judge/Executive
The Honorable Derek Goodson, Fulton County Sheriff
Members of the Fulton County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Fulton County Sheriff, related to the sheriff's compliance with the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* regarding the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2020 through December 31, 2020. The Fulton County Sheriff is responsible for compliance with these requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the sheriff has a fourth quarter financial statement, a receipts ledger, and a disbursements ledger.

Finding -

No exceptions were found as a result of applying the procedure.

2. Procedure -

Determine that the sheriff's fourth quarter financial statement agrees to the sheriff's receipts ledger and disbursements ledger. Variances in total receipts or total disbursements that exceed 1% of gross receipts or exceed \$20,000 will be reported.

Finding -

The sheriff's fourth quarter financial statement did not agree to the sheriff's receipts and disbursements ledger. Receipts varied by \$5,580 and disbursements varied by \$150,410.

Sheriff's Response: Our program does not separate by accounts only by years. Some of 2021 transactions were accidentally pulled with 2020. We plan on opening a whole new account new year to solve this problem. In the future we will have an odd and even account.



The Honorable Jim Martin, Fulton County Judge/Executive
 The Honorable Derek Goodson, Fulton County Sheriff
 Members of the Fulton County Fiscal Court
 (Continued)

3. Procedure -

Compare the sheriff's operating disbursements (fourth quarter or settlement amounts) to the budget approved by the fiscal court to determine if the sheriff overspent the budget.

Finding -

No exceptions were found as a result of applying the procedure.

4. Procedure -

Determine if the sheriff has a settlement of excess fees that was approved by the fiscal court.

Finding -

No exceptions were found as a result of applying the procedure.

5. Procedure -

Obtain a list of accounts prepared by the sheriff that are applicable to the current calendar year.

Finding -

No exceptions were found as a result of applying the procedure. The sheriff maintains a fee account, drug account, electronic transfer account, evidence account, and a federal drug account.

6. Procedure -

Determine if the sheriff reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2020, to determine the reconciled ending balances and if bank reconciliations are accurate.

Finding -

The December 31, 2020 bank reconciliations were not accurate. The balances of the sheriff's accounts are:

Account Name:	Reconciled Account Balance:
Fee Account	\$ 7
Drug Account	\$ 7,849
Electronic Transfer Account	\$ 8,263
Evidence Account	\$ 19,705
Federal Drug Account	\$ 0

Sheriff's Response: The uncleared transactions in [software name redacted] is just an error within the office of saving duplicate receipts. It is just the office staff not being 100% familiar with the way [software name redacted] works. We will in the future check for these duplicate transactions monthly and they will be deleted when needed.

The Honorable Jim Martin Fulton County Judge/Executive
The Honorable Derek Goodson, Fulton County Sheriff
Members of the Fulton County Fiscal Court
(Continued)

7. Procedure -

Determine if receipts are properly accounted for by comparing batched receipts to daily check-out sheets, deposit tickets, receipts ledger, and bank statements for a randomly selected week.

Finding -

Receipts were not properly accounted for. There were abnormal delays in daily receipts being deposited.

Sheriff's Response: As everyone knows 2020 was a difficult year for anyone, but it was especially difficult for a small office as ourselves. There were several months the office building was closed. The judge executive ordered only one person in the office at a time if we came to the office. The bookkeeper was working from home, taking calls and coming to the office when needed. Deposits were done as quickly as possible. When the office building opened back up so did the courthouse. Due to covid and new rules at the courthouse, where it normally took two people at the courthouse it now took several. Thus, meaning the bookkeeper would work many days at the courthouse checking temperatures, handing out masks and limited the number of people in the court room. The Sheriff's Office during this time was closed many days. The auditor mentioned one deposit not being made for 5 days and the other for 7. We made these bank deposits as soon as someone was available and in the office. 2021 seems to be headed in a better direction and this shouldn't be an issue in the future.

8. Procedure -

Determine if the sheriff completed an annual asset forfeiture report. Determine if assets forfeited to the sheriff are properly accounted for by tracing the asset to bank deposit, receipts ledger, or asset ledger and determine if amounts due to the commonwealth attorney were remitted.

Finding -

No exceptions were found as a result of applying the procedure.

9. Procedure -

Determine if tax commissions are properly accounted for by computing the sheriff's current calendar year tax commission from prior year taxes and current year taxes using the prior year sheriff tax settlement and current year recap of tax reports. Variances that exceed 1% of gross receipts or exceed \$20,000 will be reported.

Finding -

The sheriff's current calendar year tax commissions computed to \$126,548. The tax commissions reported on the sheriff's fourth quarter financial statement were \$119,574. There is a variance of \$6,974 between the computed commissions and the reported commissions.

Sheriff's Response: The tax commission add on fee was combined with the regular tax commission. In the future there will be two different categories for these add on fees so they are not mixed in with the other tax commission.

The Honorable Jim Martin, Fulton County Judge/Executive
 The Honorable Derek Goodson, Fulton County Sheriff
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 (Continued)

10. Procedure -

Judgmentally select 15 operating disbursements from the sheriff's records and agree amounts paid to invoices or other supporting documentation and cancelled check. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business. Verify that any state advancement was repaid.

Finding -

No exceptions were found as a result of applying the procedure.

11. Procedure -

Determine excess fees due to the fiscal court by recalculating the difference between total receipts and total disbursements. Verify amounts paid to determine if additional excess fees are due to the fiscal court.

Finding -

Excess fees due to the fiscal court were recalculated and a balance of \$97,801 is due to the fiscal court.

Total Receipts	\$ 383,232
Total Disbursements	<u>231,907</u>
Excess Fees Due County for 2020	151,325
Payment to Fiscal Court	<u>53,524</u>
Balance Due Fiscal Court	<u><u>\$ 97,801</u></u>

Sheriff's Response: On the final quarterly report, the bottom under unpaid obligations the amount of \$97,801 was due to the Fiscal Court. That was 2020 payroll liabilities and \$15,000 starting advancement. We will make sure it is posted on the top of the quarterly report with all other transactions.

12. Procedure -

Verify the sheriff's maximum salary order for deputies was not overspent.

Finding -

No exceptions were found as a result of applying the procedure.

13. Procedure -

Determine whether payroll charges are properly supported by verifying that timesheets are completed, maintained, approved, and support hours paid by inspecting one pay period's timesheets for all employees. (Not applicable to fee pooling counties)

Finding -

No exceptions were found as a result of applying the procedure.

The Honorable Jim Martin, Fulton County Judge/Executive
The Honorable Derek Goodson, Fulton County Sheriff
Members of the Fulton County Fiscal Court
(Continued)

14. Procedure -

Determine that the sheriff was paid the statutory salary as fixed by the Department for Local Government salary schedule.

Finding -

The sheriff was paid \$81,939. The statutorily required salary was \$81,937.

15. Procedure -

Scan lease agreements and service contracts and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized. Determine if liabilities requiring disclosure were properly disclosed on the fourth quarter financial statement.

Finding -

The sheriff's agreements and contract payments agreed to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not disclosed properly on the fourth quarter financial statement.

Sheriff's Response: The 4th page of the quarterly report was not completed. We do currently have an outstanding liability due to the [bank name redacted] for a 2018 [vehicle name redacted]. In the future we will make sure this page is filled out and included in our settlement.

16. Procedure -

Verify the sheriff is properly bonded for the period covered by the agreed upon procedures.

Finding -

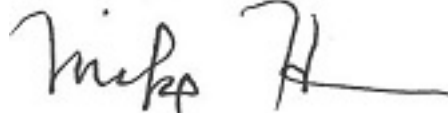
No exceptions were found as a result of applying the procedure.

The Honorable Jim Martin, Fulton County Judge/Executive
The Honorable Derek Goodson, Fulton County Sheriff
Members of the Fulton County Fiscal Court
(Continued)

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to present the procedures performed and the results of those procedures and is not suitable for any other purpose. This report is intended solely for the information and use of the Fulton County Sheriff and the Fulton County Fiscal Court, and is not intended to be and should not be used by anyone other than the specified parties.

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

June 22, 2021