

**REPORT OF THE AUDIT OF THE  
FORMER HICKMAN COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2017**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Kenny Wilson, Hickman County Judge/Executive  
The Honorable Mark Green, Former Hickman County Sheriff  
The Honorable Ben Natividad, Hickman County Sheriff  
Members of the Hickman County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Sheriff of Hickman County, Kentucky, for the year ended December 31, 2017, 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 this 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 and budget laws. 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 County Fee Officials* 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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AN EQUAL OPPORTUNITY EMPLOYER M / F / D



The Honorable Kenny Wilson, Hickman County Judge/Executive  
The Honorable Mark Green, Former Hickman County Sheriff  
The Honorable Ben Natividad, Hickman County Sheriff  
Members of the Hickman County Fiscal Court

### **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 former Hickman County Sheriff on the basis of the 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 financial position of each fund of the former Hickman County Sheriff, as of December 31, 2017, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former Hickman County Sheriff for the year ended December 31, 2017, 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 October 17, 2018, on our consideration of the former Hickman County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the former Hickman County Sheriff's internal control over financial reporting and compliance.

The Honorable Kenny Wilson, Hickman County Judge/Executive  
The Honorable Mark Green, Former Hickman County Sheriff  
The Honorable Ben Natividad, Hickman County Sheriff  
Members of the Hickman 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:

- 2017-001 The Former Hickman County Sheriff Did Not Reimburse Disallowed Disbursements From The 2015 Audit
- 2017-002 The Former Hickman County Sheriff's Fourth Quarter Financial Statement Did Not Agree With The Receipts and Disbursements Ledgers

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

October 17, 2018

HICKMAN COUNTY  
 MARK GREEN, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2017

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	4,201
State Fees For Services:		
Finance and Administration Cabinet	\$ 59,527	
Sheriff Security Service	1,952	61,479
Circuit Court Clerk:		
Fines and Fees Collected		958
Fiscal Court		27,250
County Clerk - Delinquent Taxes		2,929
Commission On Taxes Collected		113,299
Fees Collected For Services:		
Auto Inspections	1,520	
Accident and Police Reports	97	
Serving Papers	5,730	
Carry Concealed Deadly Weapon Permits	2,255	9,602
Other:		
Add-On Fees	6,937	
Meals For Jurors	260	
Mental Patients	403	
Trips/Transport Fugitives	363	
Miscellaneous	4,880	12,843
Interest Earned		94
Borrowed Money:		
State Advancement		30,000
Total Receipts		262,655

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



HICKMAN COUNTY  
 MARK GREEN, FORMER SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2017  
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	28,044	
Part-Time Salaries		12,250	
KLEFPF Gross Salaries		3,974	
Court Security/Guards		56,592	

Employee Benefits-

KLEFPF Retirement		396	
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Contracted Services-

Advertising		65	
Computer Maintenance		1,545	

Materials and Supplies-

Office Materials and Supplies		1,316	
Uniforms		1,459	
Ammunition		942	

Auto Expense-

Vehicle Expense		299	
Mileage		25,497	

Other Charges-

Dues		488	
Postage		1,144	
Miscellaneous		5,219	
CCDW Expense		49	
Communication Expense		7,461	
Meals For Jurors		260	
Trips/Transport Fugitives		74	
Training Expense		2,361	

2,361 \$ 149,435

Debt Service:

State Advancement		<u>30,000</u>	
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Total Disbursements

\$ 179,435

HICKMAN COUNTY  
MARK GREEN, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2017  
(Continued)

Net Receipts	\$ 83,220
Less: Statutory Maximum	<u>72,930</u>
Excess Fees	10,290
Less: Training Incentive Benefit	<u>4,052</u>
Excess Fees Due County for 2017	6,238
Payment to Fiscal Court - February 8, 2018	<u>6,238</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 0</u>

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

HICKMAN COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2017

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. 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.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

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. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2017 services
- Reimbursements for 2017 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2017

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

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. Employee Retirement System and Other Post-Employment Benefits

The county official and employees have elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

HICKMAN COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2017  
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

The former sheriff's contribution for Kentucky Law Enforcement Foundation Program Fund (KLEFPF) salaries for calendar year 2015 was \$1,034, calendar year 2016 was \$523, and calendar year 2017 was \$396.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous members contribute five percent of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 18.68 percent for the first six months and 19.18 percent for the last six months.

Health Insurance Coverage

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

HICKMAN COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2017  
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Hickman County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (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 former 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 former sheriff's deposits may not be returned. The former Hickman County 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 December 31, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Drug Forfeiture Fund

The former Hickman County Sheriff's office maintains a drug forfeiture fund. This fund is funded by court-ordered forfeitures of money and property. The funds are to be used for various law enforcement operations and equipment to fight against drug problems in Hickman County. As of January 1, 2017, the drug forfeiture fund had a balance of \$1. During the year, no funds were received or expended, leaving an ending balance of \$1 as of December 31, 2017.

Note 5. Outstanding Checks Held In Escrow

The former sheriff deposited outstanding checks in an escrow account. The escrowed amount was as follows:

2017	\$88
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KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned and abandoned funds are required to be sent to the Kentucky State Treasurer by KRS 393.110.

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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 Kenny Wilson, Hickman County Judge/Executive  
The Honorable Mark Green, Former Hickman County Sheriff  
The Honorable Ben Natividad, Hickman County Sheriff  
Members of the Hickman 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 Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Hickman County Sheriff for the year ended December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated October 17, 2018. The former Hickman 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 former Hickman 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 former Hickman County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Hickman County Sheriff'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 financial statement 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We identified a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency as item 2017-002.



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 former Hickman 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2017-001.

**Views of Responsible Official and Planned Corrective Action**

The former Hickman County Sheriff's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The former Hickman 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,

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

October 17, 2018

## SCHEDULE OF FINDINGS AND RESPONSES

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HICKMAN COUNTY  
MARK GREEN, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2017

STATE LAWS AND REGULATIONS:

2017-001 The Former Hickman County Sheriff Did Not Reimburse Disallowed Disbursements From The 2015 Audit

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This is a repeat finding and was included in the prior year audit report as finding 2016-001. The former Hickman County Sheriff did not reimburse disallowed disbursements from the 2015 audit. The 2015 audit of the former Hickman County Sheriff's fee account disclosed the former sheriff owed \$940 to his drug fund due to disallowed disbursements of the drug fund in comment 2015-001. These disbursements should have been reimbursed to the drug fund from the former sheriff's personal funds. Additionally, the former sheriff owed \$388 for fee account disallowed disbursements that were disclosed in the 2015 audit as part of comment 2015-002. However, follow-up of prior year audit findings revealed that the former sheriff failed to reimburse the drug fund or remit additional excess fees due to the fiscal court.

The former sheriff did not initially reimburse the drug fund for these disallowed disbursements because fiscal court voted to approve the disbursements as being allowable disbursements. According to the former sheriff, he is currently seeking clarification on the ruling before paying what is owed.

Neither the fiscal court nor the former sheriff are in compliance with KRS 67.080(3) or KRS 64.820(1) because the fiscal court is mandated by statute to collect these amounts. The fiscal court does not have the authority to forgive the former sheriff's disallowed disbursements or to determine if drug fund or fee account disbursements are allowable. Therefore \$940 determined by the prior year audit are still due to the former sheriff's drug fund from the former sheriff's personal funds, as well as \$388 of the former sheriff's personal funds are due to the fiscal court for additional excess fees owed.

KRS 67.080(3) states, "[t]he fiscal court shall not exercise executive authority except as specifically assigned by statute." Additionally Section 52 of the Kentucky Constitution forbids "the release of liability to the Commonwealth, or to any county or municipality thereof." Since powers of the fiscal court are set by the general assembly, and the general assembly is prohibited from releasing indebtedness or liability, the fiscal court would be prohibited releasing indebtedness or liability of the former sheriff.

KRS 64.820(1) specifically directs the fiscal court to, "collect any amount due the county from county officials as determined by the audit of the official conducted pursuant to KRS 43.070 and 64.810 if the amount can be collected without suit." KRS 64.820(2) requires the fiscal court to, "direct the county attorney to institute suit for the collection of the amount reported by the Auditor" within ninety days if the amount is not paid.

KRS 43.070(1)(a) requires an audit, "[t]o determine whether any unauthorized, illegal, irregular, or unsafe handling or expenditure of revenue or other improper practice of financial administration has occurred and to assure that all proper items have been duly charged, taxed, and reported, the Auditor shall audit annually...[t]he books, accounts, and papers of all county clerks and sheriffs."

We recommend the former Hickman County Sheriff reimburse the drug fund account in the amount of \$940 and remit excess fees of \$388 to the fiscal court, to be paid from his personal funds to cover the disallowed disbursements for calendar year 2015.

*Former Sheriff's Response: "Since taking office in 2011, I have used the same forms when making buys using drug fund money that was in the drug account. Nothing was said about the forms or paperwork that I was using until the 2013 audit. When I was audited from 2013-2015 for one reason or another there were some disbursements found to be disallowed and these monies we're paid back from my personal account even after I would make what I felt was valid arguments that's the paperwork and forms were correct. In the audit for 2015,*

HICKMAN COUNTY  
MARK GREEN, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2017  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2017-001 The Former Hickman County Sheriff Did Not Reimburse Disallowed Disbursements From The 2015 Audit (Continued)

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*Former Sheriff's Response: (Continued)*

*there was nothing spent out of the drug account that didn't have a receipt or proper documentation to show exactly where or how the money was spent. Final auditors report recommended that I reimburse \$940 to the Drug account and an additional \$388 to the fiscal court. During a 2016 fiscal court meeting I showed the magistrates, judge executive and county attorney the same paperwork and other documents that had also been provided to the auditors office in 2015. Each of the magistrates voted that they found disbursements to be allowed and I was told that I would not have to pay back the amount of money according to the audit. For the past couple years before this 2016 fiscal court meeting, I had been told numerous times from sheriffs of other Kentucky Counties along with other county officials that the fiscal court could disagree with an audit and if they do chose to I would be forgiven. This was also the believe of the audit her that currently on it's my office, she thought as well that a fiscal court could forgive if they found the disbursements to have been allowable. A couple of questions I have had is 1. Shouldn't a former or current elected official not have to go back and pay back their counties as well who have been forgiven? Is an auditor's opinion that something they found to be disallowed disbursements not subject to argument? I have made MASSIVE improvements to the last few sheriffs office audits. Myself, my office clerk, and a deputy have been responsible for making sure that everything was done better then in years past and this audit proves that. I ask for the supervisors in Frankfort to look at the changes and the fact that the fiscal court looked at the same documents/documentation and they all agreed that in their opinion it was allowable disbursements. I don't understand how I am once again still being penalized after the auditors office is the ones that told HC County Attorney Jason Batts there was two different avenues the Fiscal Court could take. After its said and done the same auditors office comes back and says wait, you cant do this.*

Auditor's Reply: Disbursements from the drug forfeiture fund in 2015 were disallowed due to a lack of sufficient supporting documentation. While copies of receipts were provided to auditors during audit testing, the receipt for purchase of a firearm did not come from an outside vendor. The receipts for narcotic purchases contained date discrepancies indicating they were not completed contemporaneously with the transactions and were therefore insufficient. Because of the insufficient supporting documentation, these items were disallowed.

Per KRS. 64.820, the fiscal court shall "collect any amount due the county from county officials as determined by the audit of the official...In the event the fiscal court cannot collect the amount due the county from the county official without suit, the fiscal court shall then direct the county attorney to institute suit for the collection of the amount reported by the Auditor or certified public accountant to be due the county within ninety (90) days from the date of receiving the Auditor's or certified public accountant's report."

HICKMAN COUNTY  
MARK GREEN, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2017  
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY:

2017-002 The Former Hickman County Sheriff's Fourth Quarter Financial Statement Did Not Agree With  
The Receipts and Disbursements Ledgers

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The former Hickman County Sheriff's Fourth Quarter Financial Report did not agree to his ledgers. Receipts in the amount of \$8,678 and disbursements in the amount of \$8,680 were omitted from the Fourth Quarter Financial Report.

The former sheriff failed to implement strong internal controls over financial reporting. As a result, the Fourth Quarter Financial Report did not agree to the receipts and disbursements ledgers. Inaccurate financial reporting allows an opportunity for the former sheriff to misrepresent his financial status to the fiscal court and other administrative bodies.

Strong internal controls are essential to providing protection from asset misappropriation and helping prevent inaccurate financial reporting. Additionally, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial reporting.

We recommend the sheriff's office ensure that all quarterly reports are accurate and that the Fourth Quarter Financial Report agrees to the sheriff's receipts and disbursements ledger.

*Former Sheriff's Response: When the discrepancy was found it was immediately fixed.*