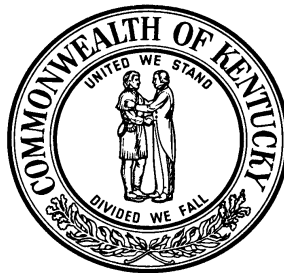


**REPORT OF THE AUDIT OF THE
TRIMBLE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2015**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT OF THE TRIMBLE COUNTY SHERIFF

**For The Year Ended
December 31, 2015**

The Auditor of Public Accounts has completed the Trimble County Sheriff's audit for the year ended December 31, 2015. Based upon the audit work performed, the financial statement presents fairly in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees decreased by \$13,171 from the prior year, resulting in excess fees of \$604 as of December 31, 2015. Receipts decreased by \$7,006 from the prior year and disbursements decreased by \$6,165.

Debt Obligations:

Total debt principal as of December 31, 2015, was \$33,214. Future collections of \$33,214 are needed over the next two years to pay all debt principal and interest.

Report Comments:

- 2015-001 The Sheriff's Office Had \$267 In Disallowed Disbursements
- 2015-002 The Sheriff's Office Lacks Segregation Of Duties Over Receipts
- 2015-003 The Sheriff's Office Was Not In Compliance With State Bid Law

Deposits:

The sheriff's deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry Powell, Trimble County Judge/Executive
The Honorable Tim Coons, Trimble County Sheriff
Members of the Trimble 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 Trimble County Sheriff of Trimble County, Kentucky, for the year ended December 31, 2015, 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 this 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.



The Honorable Jerry Powell, Trimble County Judge/Executive
The Honorable Tim Coons, Trimble County Sheriff
Members of the Trimble 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 Trimble 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 Trimble County Sheriff, as of December 31, 2015, 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 Trimble County Sheriff for the year ended December 31, 2015, 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 September 2, 2016 our consideration of the Trimble 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 entity's internal control over financial reporting and compliance.

The Honorable Jerry Powell, Trimble County Judge/Executive
The Honorable Tim Coons, Trimble County Sheriff
Members of the Trimble County Fiscal Court

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

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

- 2015-001 The Sheriff's Office Had \$267 In Disallowed Disbursements
- 2015-002 The Sheriff's Office Lacks Segregation Of Duties Over Receipts
- 2015-003 The Sheriff's Office Was Not In Compliance With State Bid Law

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

September 2, 2016

TRIMBLE COUNTY
 TIM COONS, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2015

Receipts

State Fees For Services:

| | | |
|------------------------------------|-----------|-----------|
| Finance and Administration Cabinet | \$ 34,076 | |
| HB 452 Payments | 2,923 | \$ 36,999 |

Circuit Court Clerk:

| | | |
|--------------------------|--|-----|
| Fines and Fees Collected | | 309 |
|--------------------------|--|-----|

County Clerk - Delinquent Taxes

10,274

Board of Education-School Resource Officer Salary Supplement

20,000

Commission On Taxes Collected

191,899

Fees Collected For Services:

| | | |
|--|--------|--------|
| Auto Inspections | 690 | |
| Serving Papers | 13,145 | |
| Bonds | 1,080 | |
| Carrying Concealed Deadly Weapon Permits | 4,410 | 19,325 |

Other:

| | | |
|-----------------------|--------|--------|
| Add-On Fees | 16,427 | |
| Conference | 137 | |
| Copies | 46 | |
| Telecommunication Tax | 888 | |
| Reimbursement | 115 | |
| Miscellaneous | 257 | 17,870 |

Interest Earned

129

Borrowed Money:

| | | |
|-----------|--|--------|
| Bank Note | | 19,900 |
|-----------|--|--------|

Total Receipts

316,705

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

TRIMBLE COUNTY
TIM COONS, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2015
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

| | | |
|---------------------------------|----|---------|
| Personnel Services- | | |
| Deputies' Salaries | \$ | 136,117 |
| Contracted Services- | | |
| Advertising | | 307 |
| Vehicle Maintenance and Repairs | | 9,679 |
| Materials and Supplies- | | |
| Office Materials and Supplies | | 14,533 |
| Uniforms | | 9,116 |
| Auto Expense- | | |
| Gasoline | | 14,549 |
| Other Charges- | | |
| Conventions and Travel | | 1,375 |
| Dues | | 417 |
| Postage | | 616 |
| Prepare Tax bills | | 4,137 |
| Computer | | 3,752 |
| Cell Phones | | 8,639 |
| Utilities for Radio | | 678 |
| Radio License | | 860 |
| Due For 2014 Fee Audit | | 412 |
| Preparing Tax Settlement | | 1,300 |
| Refund for CCDW Application | | 40 |
| Miscellaneous | | 2,319 |
| Capital Outlay- | | |
| Vehicles | | 15,900 |
| | \$ | 224,746 |
| Debt Service: | | |
| Bank Loan | | 3,530 |
| Vehicle Lease | | 7,310 |
| | | 10,840 |

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

TRIMBLE COUNTY
TIM COONS, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2015
(Continued)

Disbursements (Continued)

| | |
|---|----------------------|
| Total Disbursements | \$ 235,586 |
| Less: Disallowed Disbursements | |
| No Supporting Documentation and Unnecessary | <u>267</u> |
| Total Allowable Disbursements | <u>\$ 235,319</u> |
| Net Receipts | 81,386 |
| Less: Statutory Maximum | <u>76,841</u> |
| Excess Fees | 4,545 |
| Less: Training Incentive | <u>3,941</u> |
| Excess Fees Due for 2015 | 604 |
| Payment to Fiscal Court - January 15, 2016 | <u>337</u> |
| Balance Due Fiscal Court at Completion of Audit | <u><u>\$ 267</u></u> |

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

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2015

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 2015 services
- Reimbursements for 2015 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2015

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 county sheriff's office to invest in the following, including but not limited to, 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).

TRIMBLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2015
(Continued)

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

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 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.

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 the plan. The county's contribution rate for nonhazardous employees was 17.67 percent for the first six months and 17.06 percent for the last six months.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent for the first six months and 32.95 percent for the last six months.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2014, 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. Members contribute five percent (nonhazardous) and eight percent (hazardous) 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 (nonhazardous) and seven and one-half percent (hazardous) 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.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

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:

TRIMBLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2015
 (Continued)

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

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

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.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to the 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 Trimble 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 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 Trimble 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, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

TRIMBLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2015
 (Continued)

Note 4. Asset Forfeiture Account

The Trimble County Sheriff's office has an asset forfeiture account to be used for law enforcement purposes. The beginning balance in this account was \$418 as of January 1, 2015. There was \$12,984 in receipts and \$8,005 in disbursements in this account during calendar year 2015, resulting in an ending balance of \$5,397 as of December 31, 2015.

Note 5. Lease Agreement

The Trimble County Sheriff's office was committed to the following lease agreement as of December 31, 2015:

| <u>Item Purchased</u> | <u>Quarterly Payment</u> | <u>Term of Agreement</u> | <u>Ending Date</u> | <u>Principal Balance December 31, 2015</u> |
|---------------------------|------------------------------|------------------------------|------------------------|--|
| 2014 Truck | \$ 1,828 | 16 Quarters | 03/09/18 | \$ 16,448 |

Note 6. Loan Agreement

The Trimble County Sheriff's office was committed to the following loan agreement as of December 31, 2015:

| <u>Item Purchased</u> | <u>Monthly Payment</u> | <u>Term of Agreement</u> | <u>Ending Date</u> | <u>Principal Balance December 31, 2015</u> |
|---------------------------|----------------------------|------------------------------|------------------------|--|
| 2015 Truck | \$ 580 | 36 months | 06/18/18 | \$ 16,766 |

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*



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry Powell, Trimble County Judge/Executive
The Honorable Tim Coons, Trimble County Sheriff
Members of the Trimble 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 Trimble County Sheriff for the year ended December 31, 2015, and the related notes to the financial statement and have issued our report thereon dated September 2, 2016. The Trimble 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 Trimble County Sheriff's internal control over financial reporting (internal control) to determine 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 Trimble County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trimble 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 comments and recommendations, 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 comments and recommendations as items 2015-001 and 2015-002 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 Trimble 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 comments and recommendations as items 2015-001 and 2015-003.

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

September 2, 2016

COMMENTS AND RECOMMENDATIONS

TRIMBLE COUNTY
TIM COONS, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2015

FINANCIAL STATEMENT FINDINGS:

2015-001 The Sheriff's Office Had \$267 In Disallowed Disbursements

During testing of disbursements we noted \$267 in disallowed disbursements, which included:

- One credit card charge with no supporting documentation:

| | |
|------------------|-------|
| No documentation | \$242 |
|------------------|-------|
- Late fee paid on bank loan (due October 18, 2015 and paid on November 2, 2015):

| | |
|----------|------|
| Late fee | \$25 |
|----------|------|

The sheriff's office policies do not have effective controls in place to ensure that all credit card charges have original supporting documentation to describe items purchased, and they do not ensure all payments are made to vendors timely. Without these internal control procedures working effectively, disbursements may be made for unallowable items, and payments may be made late resulting in late fees assessed by vendors. Good internal controls dictate that the sheriff should monitor disbursements to ensure compliance with state laws and regulations and that bills are paid timely.

In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditure of public funds will be allowable only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal expenses. We recommend the sheriff implement procedures to ensure that all disbursements of the fee account, including credit card charges, are necessary, adequately supported, reasonable, for the benefit of the public, not personal in nature, and that all payments are made to vendors timely. We also recommend the sheriff pay the \$267 in disallowed disbursements back to the fee account, then pay the funds to the fiscal court as excess fees.

Sheriff's Response: None.

2015-002 The Sheriff's Office Lacks Segregation Of Duties Over Receipts

The sheriff's office lacks segregation of duties over receipts due to one employee collecting receipts, recording receipts in the ledger, preparing the deposit, taking the deposit to the bank, and reconciling the bank account. The sheriff has not implemented segregation of duties as part of the internal controls for his office. The lack of segregation of duties significantly increases the risk of misstatements in reporting due to errors or fraud, such as theft of funds. Good internal controls dictate that adequate segregation of duties would prevent the same person from having a significant role in these incompatible functions. We recommend the sheriff segregate the duties in collecting receipts, recording receipts, preparing deposits, taking the deposits to the bank and performing the bank reconciliations. If the duties cannot be segregated, strong oversight should be provided over the employee responsible for these functions. The employee providing oversight should document oversight procedures by initialing source documents.

Sheriff's Response: None.

TRIMBLE COUNTY
TIM COONS, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2015
(Continued)

FINANCIAL STATEMENT FINDINGS:

2015-003 The Sheriff's Office Was Not In Compliance With State Bid Law

The sheriff purchased a Ford F150 pickup truck in June 2015 for a total purchase of \$34,900, with a trade-in valued at \$19,000, the resulting cash price was \$15,900. The sheriff's bookkeeper indicated that there was no bid done for the vehicle purchase, and she did not know if it was on state price contract. The sheriff does not have procedures in place to ensure that large purchases are made in accordance with state bid laws, resulting in a noncompliance. KRS 424.260 requires purchases over \$20,000 to be advertised for bid. In lieu of bidding, the state price contract can be used, and all supporting documentation should be maintained that shows the vendor included in the state price contract. We recommend for future purchases over \$20,000 that the sheriff either advertise for bids in accordance with KRS 424.260 or use the state price contract. If the purchase is bid, the sheriff should maintain all bid related documents including: advertisements, bid specifications, bids received stamped with date received, bid review criteria, results of reviews by all bid committee members, and award/denial letters to all vendors who submitted bids. If the purchase is done using state price contract, the sheriff should maintain the state price contract used, showing the vendor and price per the contract.

Sheriff's Response: None.

