

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

**For The Period  
January 1, 2019 Through December 31, 2019**



**MIKE HARMON  
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**MIKE HARMON  
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**SUMMARY OF PROCEDURES AND FINDINGS**

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

For The Period January 1, 2019 Through December 31, 2019

The Caldwell 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 2019 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 Caldwell County Sheriff, the following exceptions were noted:

- The sheriff's operating disbursements exceeded the sheriff's approved operating budget by \$469.
- Tax commissions were overstated by \$19,623 due to the sheriff combining add-on fees with tax commissions on the fourth quarter financial statement.
- The sheriff's maximum salary order for deputies was overspent by \$118,868.

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 Auditor of Public Accounts' website at [www.auditor.ky.gov](http://www.auditor.ky.gov).

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts  
July 21, 2020



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

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

The Honorable Larry Curling, Caldwell County Judge/Executive  
The Honorable Stan Hudson, Caldwell County Sheriff  
Members of the Caldwell County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Caldwell County Sheriff, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2019 through December 31, 2019. The Caldwell County Sheriff is responsible for the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities. 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 -

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

3. Procedure -

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

Finding -

The sheriff's operating disbursements exceeded the sheriff's approved budget by \$469.



The Honorable Larry Curling, Caldwell County Judge/Executive  
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 (Continued)

3. (Continued)

*Sheriff's Response: The sheriff's office was faced with ordering checks at the start of the tax season for disbursement for both the property tax account, as well as the franchise account. Over the previous years, a set fee of \$100.00 had been automatically inserted into this box on the budget; however, this amount had not been taken out of the budgetary confinement and used from the line item. These checks were pulled directly from the fee account therefore subtracting the amount directly and utilizing this budgetary line. For the 2020 budget, this line is being increased as well as a different means of ordering checks and deposit slips, as not to get them directly from the bank.*

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 fee, drug forfeiture, and donation accounts.

6. Procedure -

Determine if the sheriff reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2019, to determine the reconciled ending balances and if bank reconciliations are accurate.

Finding -

No exceptions were found as a result of applying the procedure. The balances of the sheriff's accounts are:

Account Name:	Reconciled Account Balance:
Fee Account	\$ 0
Drug Forfeiture Account	\$ 9,995
Donation Account	\$ 5,000

The Honorable Larry Curling, Caldwell County Judge/Executive  
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(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 -

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

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 -

Tax commissions were overstated by \$19,623 due to the sheriff combining add-on fees with tax commissions on the fourth quarter financial statement.

*Sheriff's Response: As stated in the finding, the difference in the amount actually collected and the amount reported is due to combining add-on fees with tax commissions on the 4<sup>th</sup> Quarter Financial Statement, which was overlooked when transferring those numbers to their respective lines. Corrective measures and awareness will be made to separate those totals so there does not look to be a discrepancy in overage.*

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.

The Honorable Larry Curling, Caldwell County Judge/Executive  
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 (Continued)

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 there are no additional excess fee due to the fiscal court.

Total Receipts	\$ 269,538
Total Disbursements	<u>645</u>
Excess Fees Due County for 2019	268,893
Payments to Fiscal Court	<u>268,893</u>
Balance Due Fiscal Court	<u><u>\$ 0</u></u>

12. Procedure -

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

Finding -

The sheriff's maximum salary order for deputies was overspent by \$118,868.

*Sheriff's Response: The sheriff's office respectfully disagrees with the finding the maximum salary order for deputies was **overspent** by \$118,868 due to employer matching. The sheriff's office has never employer-matched. After reviewing the fiscal court minutes it is noted, The Annual Order Setting Maximum Amount for Deputies and Assistants form was not filled out from the sheriff. It is not the form that is customarily filled out. It looks to be copied and pasted from the County Clerk's form. It is the opinion of the sheriff's office this form was mistakenly marked and submitted to the fiscal court. As shown with the examples provided from previous years, the sheriff's office is well within the maximum salary order for deputies had the "employer match" not been marked, therefore, we disagree with the finding.*

*Due to the current finding of The Annual Order Setting Maximum Amount for Deputies and Assistants Form being incorrectly filled out, the sheriff's office will implement the corrective measure of having the sheriff fill out the form, as well as initial the form and submit it to the fiscal court, avoiding further confusion and the projection the sheriff's office is not staying within the confines of the maximum salary order.*

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 -

Not applicable since the sheriff's office is fee pooling.



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(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 \$88,539. The statutorily required salary was \$88,539.

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 did not have any lease agreements or service contracts.

16. Procedure -

Verify the sheriff is properly bonded.

Finding -

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 the receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities of the Caldwell County Sheriff. 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.

This report is intended solely for the information and use of the Caldwell County Sheriff and the Caldwell County Fiscal Court, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

July 21, 2020