

**REPORT OF THE AUDIT OF THE  
SCOTT COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2020**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT ..... 1

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS ..... 4

NOTES TO FINANCIAL STATEMENT ..... 5

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* ..... 13

SCHEDULE OF FINDINGS AND RESPONSES ..... 17

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

The Honorable Joe Pat Covington, Scott County Judge/Executive  
The Honorable Tony Hampton, Scott County Sheriff  
Members of the Scott 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 Sheriff of Scott County, Kentucky, for the year ended December 31, 2020, 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.



The Honorable Joe Pat Covington, Scott County Judge/Executive  
The Honorable Tony Hampton, Scott County Sheriff  
Members of the Scott 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 Scott 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 the Scott County Sheriff, as of December 31, 2020, 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 Scott County Sheriff for the year ended December 31, 2020, 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 20, 2021, on our consideration of the Scott 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 Scott County Sheriff's internal control over financial reporting and compliance.

The Honorable Joe Pat Covington, Scott County Judge/Executive  
The Honorable Tony Hampton, Scott County Sheriff  
Members of the Scott 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:

- 2020-001 The Scott County Sheriff's Office Did Not Complete Bank Reconciliations For Donation, State Drug, And Federal Forfeiture Bank Accounts
- 2020-002 The Scott County Sheriff's Office Did Not Have Adequate Oversight Over State Drug Account Receipts And Disbursements
- 2020-003 The Scott County Sheriff's Office Did Not Prepare An Asset Forfeiture Report Timely For Fiscal Year 2020

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 20, 2021

SCOTT COUNTY  
 TONY HAMPTON, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2020

Receipts

Federal Grant		\$ 7,202
State Fees For Services:		
Finance and Administration Cabinet	\$ 148,113	
Cabinet For Health And Family Services	<u>990</u>	149,103
Circuit Court Clerk:		
Fines and Fees Collected		912
Fiscal Court		109,969
County Clerk - Delinquent Taxes		56,775
Commission On Taxes Collected		1,460,590
Fees Collected For Services:		
Auto Inspections	17,422	
Accident and Police Reports	766	
Serving Papers	49,910	
Carry Concealed Deadly Weapon Permits	<u>15,800</u>	83,898
Other:		
Add-On Fees	44,532	
Miscellaneous	425	
Courthouse Fees	<u>5,080</u>	50,037
Interest Earned		<u>37</u>
Total Receipts		1,918,523
Less: Statutory Maximum		<u>109,969</u>
Excess Fees Due County for 2020		1,808,554
Payments to Fiscal Court - Monthly		<u>1,808,554</u>
Balance Due Fiscal Court at Completion of Audit		<u><u>\$ 0</u></u>



SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2020

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 is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis 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 2020 services
- Reimbursements for 2020 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2020

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).

D. Fee Pooling

The Scott County Sheriff's office is required by the fiscal court to participate in a fee pooling system. Fee officials who are required to participate in fee pooling deposit all funds collected into their official operating account. The fee official is responsible for paying all amounts collected for others. Residual funds are then paid to the county treasurer on a monthly basis. Invoices are submitted to the county treasurer to document operating expenses. The fiscal court pays all operating expenses for the fee official.

SCOTT COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2020  
 (Continued)

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

The sheriff's office has 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.

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 covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute 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 KRS Board of Directors 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 24.06 percent for the year.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS 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:

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%

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (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.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, 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 by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

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

KRS Annual Financial Report and Proportionate Share Audit Report

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.

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 3. Deposits

The Scott County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected 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. These requirements were met.

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 Scott County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of December 31, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Forfeiture Accounts

A. Federal Forfeiture Account

The Scott County Sheriff's office maintains a federal forfeiture account for the deposit of funds forfeited as a result of court cases. Disbursements from these accounts are restricted in accordance with court related orders related to each individual case. The federal account had a balance of \$43,616 as of January 1, 2020. There were receipts of \$670 during the year and disbursements of \$16,834 leaving a balance of \$27,452 as of December 31, 2020.

B. State Forfeiture Account

The Scott County Sheriff's office maintains a state forfeiture account for the deposit of funds forfeited as a result of court cases. Disbursements from these accounts are restricted in accordance with court related orders related to each individual case. The state forfeiture account had a balance of \$17,706 as of January 1, 2020. During the year, there were receipts of \$12,470 and disbursements of \$5,668 leaving a balance of \$24,508 as of December 31, 2020.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020  
(Continued)

Note 5. Donation Account

The donation account had a balance of \$26,529 as of January 1, 2020. During the year, the sheriff received \$250 in donations. Funds totaling \$60 were spent, leaving a balance of \$26,719 as of December 31, 2020. The use of these funds is to further the public purpose of the office and not supplant the sheriff's normal operating budget; therefore, they are not included as excess fees.

Note 6. On Behalf Payments

The Scott County Sheriff's office is required by the fiscal court to participate in a fee pooling system. Since the Scott County Sheriff is fee pooling, the Scott County Fiscal Court pays the sheriff's statutory maximum as reflected on the sheriff's financial statement. For the year ended December 31, 2020, the Scott County Fiscal Court's contributions recognized by the sheriff included the amounts that were based on the statutory maximum as required by KRS 64.5275. The Scott County Sheriff recognized receipts from the fiscal court and disbursements for the statutory maximum of \$109,969 for the year ended December 31, 2020.

Note 7. Fiduciary Account – Escrow Account

The Scott County Sheriff deposited outstanding checks into a non-interest bearing custodial account. When statutorily required, the sheriff will turn over the escrowed funds to the Kentucky State Treasurer as unclaimed property. The sheriff's escrowed amounts were as follows:

General Escrow    \$1,725

Note 8. Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 9. Federal Highway Safety Grant

The sheriff's office received \$7,202 in federal highway safety grant funds. The sheriff's office turned over these funds to the fiscal court leaving a balance of \$0 for this grant as of December 31, 2020.

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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 Joe Pat Covington, Scott County Judge/Executive  
The Honorable Tony Hampton, Scott County Sheriff  
Members of the Scott 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 Scott County Sheriff for the year ended December 31, 2020, and the related notes to the financial statement and have issued our report thereon dated October 20, 2021. The Scott 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 Scott County Sheriff's internal control over financial reporting (internal control) as a basis for designing 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 Scott County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Scott County Sheriff's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, 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 Schedule of Findings and Responses as items 2020-001, 2020-002, and 2020-003 to be material weaknesses.

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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*  
(Continued)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Scott County Clerk'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 financial statement. 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 Schedule of Findings and Responses as items 2020-001, 2020-002, and 2020-003.

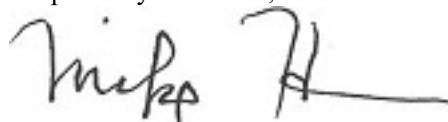
### **Views of Responsible Official and Planned Corrective Action**

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



Mike Harmon  
Auditor of Public Accounts

October 20, 2021

## SCHEDULE OF FINDINGS AND RESPONSES

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SCOTT COUNTY  
TONY HAMPTON, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2020

FINANCIAL STATEMENT FINDINGS:

2020-001 The Scott County Sheriff's Office Did Not Complete Bank Reconciliations For Donation, State Drug, And Federal Forfeiture Bank Accounts

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No bank reconciliations were completed for any of the 12 months of calendar year 2020 on the donation, state drug, or federal forfeiture accounts. Due to a lack of oversight from sheriff's staff, bank reconciliations were not completed. When bank reconciliations are not regularly completed, the risk of fraud due to theft and reporting errors significantly increases because receipts can go undeposited and disbursements can go without being made. Without proper oversight over bank account activity, these problems can go undetected.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires bank reconciliations to be done monthly. Strong internal controls dictate monthly bank reconciliations to be completed on all bank accounts.

We recommend the sheriff implement procedures to ensure that monthly bank reconciliations are performed and documented for the donation, state drug, and federal forfeiture accounts.

*Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

*-Reassigned responsibilities & duties to the Bookkeeper. This transition will provide a transparent approach in recording, filing and reconciling of these accounts.*

2020-002 The Scott County Sheriff's Office Did Not Have Adequate Oversight Over State Drug Account Receipts And Disbursements

---

A list of state drug account receipts to the sheriff's office which was supported by court orders and property receipts for calendar year 2020 was provided, totaling \$6,557. Of that total \$502 was deposited during calendar year 2020. The remaining total, \$6,055, was not deposited. Upon inquiry the \$6,055 was found, by the chief deputy, in his desk and had not been taken to the bank for deposit. Since our inquiry, these funds have been deposited on August 27, 2021.

Also, the sheriff was accumulating amounts due to the Prosecutors Advisory Council (PAC) and was not paying them to PAC when received in the sheriff's office. From the receipts list provided the disbursement amounts due to PAC, were documented, totaling \$1,168, for payments due from April 2020 to May 2021. The \$1,168 was paid to PAC by the sheriff on August 19, 2021. Deposits and disbursements were not made timely due to lack of oversight from sheriff or his staff.

SCOTT COUNTY  
 TONY HAMPTON, SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Year Ended December 31, 2020  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-002 The Scott County Sheriff's Office Did Not Have Adequate Oversight Over State Drug Account Receipts And Disbursements (Continued)

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When deposits are not made timely the risk of fraud due to theft or errors in reporting significantly increases. When disbursements are not made timely to PAC for the commonwealth attorney's office, the risk that funds are not available in the bank account to pay PAC significantly increases.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires daily deposits intact into a federally insured banking institution. Also, strong internal controls dictate oversight and procedures to ensure that funds forfeited per court orders are deposited to the bank account timely and disbursements due to the commonwealth attorney or other agencies per the court orders are disbursed timely.

We recommend the sheriff implement procedures to improve and document oversight for the state drug account receipts and disbursements to ensure timely deposits and disbursements are made to comply with state law.

*Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

*-Reassigned responsibilities & duties to the Bookkeeper. This transition will provide a transparent approach in recording, filing and reconciling of these accounts.*

2020-003 The Scott County Sheriff's Office Did Not Prepare An Asset Forfeiture Report Timely For Fiscal Year 2020

---

The sheriff did not prepare an asset forfeiture report for fiscal year 2020, until we inquired about the report. After we requested the forfeiture report, we were informed by the sheriff's staff that it had not been completed. Soon after the inquiry, the sheriff's staff provided an asset forfeiture report. Due to a lack of oversight with sheriff's staff, the asset forfeiture report was not completed for the fiscal year, resulting in noncompliance with state law. When the report is not prepared and submitted timely the risk of fraud due to theft and reporting errors significantly increases.

KRS 218A.440 states,“(1) Each law enforcement agency seizing money or property pursuant to KRS 218A.415 shall, at the close of each fiscal year, file a statement with the Auditor of Public Accounts, and with the secretary of justice and public safety containing, a detailed listing of all money and property seized in that fiscal year and the disposition thereof. The listing shall identify all property so seized. (2) Any agency failing to report as required by this section shall be liable to the state for the full value of all property and money so seized. The Attorney General shall institute civil actions for recovery of money or property obtained or retained in violation of KRS 218A.405 to 218A.460. (3) The Auditor of Public Accounts, the secretary of justice and public safety or the Attorney General may at any time initiate an inquiry to determine that property is being forfeited as required by KRS 218A.405 to 218A.460.”

SCOTT COUNTY  
TONY HAMPTON, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2020  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2020-003 The Scott County Sheriff's Office Did Not Prepare An Asset Forfeiture Report Timely For Fiscal Year 2020 (Continued)

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Strong internal controls dictate management should maintain records to support and prepare an asset forfeiture report to submit to the state Justice Cabinet. We recommend that the sheriff implement procedures to ensure the asset forfeiture report is submitted timely at the end of each fiscal year.

*Sheriff's Response: After reviewing the previous procedures in place for this comment, and after discussing corrective actions with the involved parties, I have corrected any future oversights by doing the following:*

*-Removal of the employee responsible, from all financial accounts, for the lack of reconciliations and organization.*

*-Closed accounts at the banking institution who previously held the accounts, and opened them with another banking institution used by my office for fee and tax collections. This will allow for 24/7 monitoring with online banking already being available to our office. I have also been added to these accounts to ensure the utmost accountability with my employees.*

*-Reassigned responsibilities & duties to the Bookkeeper. This transition will provide a transparent approach in recording, filing and reconciling of these accounts.*

*-All future reporting for these accounts, have been reassigned to the Bookkeeper.*