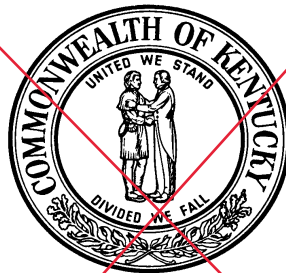


**REPORT OF THE AUDIT OF THE
SAMPLE COUNTY
SHERIFF'S SETTLEMENT - 2016 TAXES**

**For The Period
April 16, 2016 Through April 15, 2017**

REDACTED



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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TELEPHONE 502.564.5841
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REDACTED

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

REDACTED

We have audited the Sample County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 15, 2017 - Regulatory Basis, 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. 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 Sheriff's Tax Settlements*, 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.



To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

REDACTED

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 Sample Sheriff on the basis of 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 taxes charged, credited and paid of the Sample Sheriff, for the period April 16, 2016 through April 15, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2016 through April 15, 2017 of the Sample County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Emphasis of Matter(s) (Delete if not needed)

If you have an emphasis of matter paragraph, it should go here. See examples of emphasis of matter paragraphs in binder. Additional guidance is also available in AU-C 706

Other Matter(s)

Additional guidance is also available in AU-C 706. Deficit paragraph is considered an Other Matter paragraph.

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The schedule of excess liabilities over assets is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole. *If there is no deficit statement, delete this paragraph.*

To the People of Kentucky
Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

REDACTED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated Put EOF in Binder Properties Date December 25, 2017 on our consideration of the Sample 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 Sample County Sheriff's internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comment(s): *(Delete this section if no findings)*

Capitalize First Letter Of Each Word

2016-001 The
2016-002 The
2016-003 The

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

December 25, 2017
Put EOF in Binder Properties Date

SAMPLE COUNTY
JOHN DOE, SHERIFF
SHERIFF'S SETTLEMENT - 2016 TAXES

For The Period April 16, 2016 Through April 15, 2017

REDACTED

<u>Charges</u>	County Taxes	Special Taxing Districts	School Taxes	State Taxes
Real Estate	\$ 0	\$ 0	\$ 0	\$ 0
Tangible Personal Property				
Fire Protection				
Increases Through Exonerations				
Omitted Taxes				
Franchise Taxes				
Distilled Spirits Taxes				
Additional Billings				
Unmined Coal - 20__ Taxes				
Unmined Coal - 20__ Taxes				
Oil Property Taxes				
Gas Property Taxes				
Limestone, Sand and Gravel Reserves				
Bank Franchises				
Penalties				
Adjusted to Sheriff's Receipt				
Gross Chargeable to Sheriff				
 <u>Credits</u>				
Exonerations				
Discounts				
Delinquents:				
Real Estate				
Tangible Personal Property				
Unmined Coal - 20__ Taxes				
Unmined Coal - 20__ Taxes				
Franchise Taxes				
Total Credits				
Taxes Collected				
Less: Commissions *				
Taxes Due				
Taxes Paid				
Refunds (Current and Prior Year)				
Due District(s) or (Refund(s) Due Sheriff) as of Completion of Audit	\$ 0	\$ 0	\$ 0	\$ 0

**

* and ** See next page.

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

SAMPLE COUNTY
JOHN DOE, SHERIFF
SHERIFF'S SETTLEMENT - 2016 TAXES
For The Period April 16, 2016 Through April 15, 2017
(Continued)

REDACTED

* Commissions:

10% on \$	0
4.25% on \$	0
4% on \$	0
1% on \$	0
__% on \$	0
__% on \$	0

** Special Taxing Districts:

Library District	\$	0
Health District		
Extension District		
Watershed District		

Due District(s) or
(Refund(s) Due Sheriff) \$ 0

SAMPLE COUNTY
NOTES TO FINANCIAL STATEMENT

April 15, 2017

REDACTED

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. 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.

B. Basis of Accounting

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. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

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. Deposits **(Everything OK)**

The Sample County Sheriff maintained deposits of public funds with depository institutions insured by the 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 Sample 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 April 15, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

SAMPLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 April 15, 2017
 (Continued)

REDACTED

Note 2. Deposits (**Collateral Insufficient w/Agreement**)

(Use this when the sheriff has an agreement in place but the bank did not pledge sufficient assets to cover the sheriff's deposits at either year-end or on the high date. (This is used only when the fee official is not at fault.) If there is not a security agreement in place, this is not used.)

The Sample County Sheriff maintained deposits of public funds with depository institutions insured by the 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 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 April 15, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of _____, 201_, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____
- (OR)**

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The 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. On _____, 201_, the sheriff's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

Note 2. Deposits (**Collateral Insufficient w/ NO Agreement**)

The Sample County Sheriff maintained deposits of public funds with depository institutions insured by the 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. These requirements were not met, because the sheriff did not have a written agreement with the bank.

SAMPLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 April 15, 2017
 (Continued)

REDACTED

Note 2. Deposits (Continued) (Collateral Insufficient w/ NO Agreement)

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 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. On _____, 20__, the sheriff's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$_____

Note 3. Tax Collection Period

Guidance: Include a section for each property tax type for which the collection period is outside the tax collection period of regular taxes or ends after the settlement date for regular taxes. You may have others than those listed below, modify accordingly. Delete any you don't need. Taxes are generally levied January 1 of the audit year, but there could be circumstances that cause this date to need to be modified.

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2016. Property taxes were billed to finance governmental services for the fiscal year ended June 30, 2017. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ (Date official tax receipt signed) through _____, 20__. (Date bills are turned over to county clerk)

B. Oil (and Gas) Property Taxes

The oil (and gas) property tax assessments were levied as of January 1, 2016. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____ through _____.

C. Limestone, Sand, and Gravel Property Taxes

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2016. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____ through _____.

D. Unmined Coal Property Taxes

The unmined coal property tax assessments were levied as of January 1, 2016. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ through _____, 20__.

E. Franchise Taxes

The franchise tax assessments were levied as of January 1, 2016. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ through _____, 20__.

REDACTED

Note 4. Interest Income

The Sample County Sheriff earned \$_____ as interest income on 2016 taxes. The sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the sheriff's office. As of **Put EOF in binder properties - date** December 25, 2017, the sheriff owed \$_____ in interest to the school district and \$_____ in interest to his fee account. *Please review APA policy #36 at Z-00a to ensure note is completed properly.*

Or (Only use the note that applies)

The Sample County Sheriff earned \$_____ as interest income on 2016 taxes. The sheriff was in substantial compliance with his statutory responsibilities.

Note 5. Sheriff's 10% Add-On Fee

The Sample County Sheriff collected \$_____ of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office. As of **(end of fieldwork date)** December 25, 2017, the Sheriff owed \$_____ in 10% add-on fees to his fee account.

Note 6. Unrefundable Duplicate Payments And Unexplained Receipts

The sheriff deposited unrefundable duplicate payments and unexplained receipts in (an) interest-bearing account(s). The sheriff's escrowed amounts were as follows:

20XX	\$ _____
20XX	\$ _____
20XX	\$ _____

KRS 393.090 states that if the funds have not been claimed after three years, they are presumed abandoned. Abandoned funds are required to be sent to the Kentucky State Treasurer pursuant to KRS 393.110 and its accompanying regulations. The sheriff sent a written report to the Kentucky State Treasury and submitted \$_____ to the Kentucky State Treasurer in accordance with KRS 393.110.

NOTE: Only include funds that have actually been escrowed as of April 15.

Note 7. Subsequent Events

REDACTED

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SAMPLE COUNTY
JOHN DOE, SHERIFF
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS

For The Period April 16, 2016 Through April 15, 2017

Please copy the excess of liabilities over assets schedule into R-00 before linking into the report, linking only from R-00 avoids Engagement issues. Make sure font size in the schedule is 10.5.

REDACTED

SAMPLE COUNTY
JOHN DOE, SHERIFF
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS
For The Period April 16, 2016 Through April 15, 2017
(Continued)

REDACTED

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*

Use one of the following 3 Letters and Delete the 2 you do not use

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of
Noncompliance or Other Matters Identified)**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

REDACTED

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 Sample County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 15, 2017 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated Put EOF in Binder Properties - Dates December 25, 2017. The Sample 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 Sample 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 Sample County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sample 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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.



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

REDACTED

As part of obtaining reasonable assurance about whether the Sample County Sheriff's financial statement is free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

December 25, 2017
Put EOF in Binder Properties - Dates

REDACTED

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*

**(No Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of
Noncompliance, and Other Matters Identified)**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

REDACTED

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 Sample County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 15, 2017 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated Put EOF in Binder Properties - Dates December 25, 2017. The Sample 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 Sample 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 Sample County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sample 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 over financial reporting was for the limited purpose described in the first paragraph of this section 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. 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 certain deficiencies in internal control, which are described in the accompanying Schedule of Findings and Responses as items [List the reference numbers of the related findings, for example, 201X-001, 201X-003, and 201X-004] that we consider to be (a) significant deficiency(ies).



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

REDACTED

As part of obtaining reasonable assurance about whether the Sample 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(s) of noncompliance or other matters that is (are) required to be reported under *Government Auditing Standards* and which is (are) described in the accompanying Schedule of Findings and Responses as item(s) [List the reference number(s) of the related findings, for example, 201X-001, 201X-003, and 201X-004].

(Or replace last sentence with the following) The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sheriff's Response(s) to Finding(s)

(If the Sheriff has responded to any comments, include this paragraph)

The Sample County Sheriff's response(s) to the finding(s) identified in our audit is(are) described in the accompanying Schedule of Findings and Responses. The Sample County Sheriff's response(s) were/was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it (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

December 25, 2017

Put EOF in Binder Properties - Dates

REDACTED

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

**(Material Weaknesses and Significant Deficiencies and Reportable Instances of Noncompliance, and
Other Matters Identified)**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable (JEX), Sample County Judge/Executive
Honorable John Doe, Sample County Sheriff
Members of the Sample County Fiscal Court

REDACTED

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 Sample County Sheriff's Settlement - 2016 Taxes for the period April 16, 2016 through April 15, 2017 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated Put EOF in Binder Properties - Dates December 25, 2017. The Sample 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 Sample 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 Sample County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sample 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 Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be (a) material weakness(es) [*and significant deficiencies*].

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 item(s) [*List the reference numbers of the related findings, for example, 201X-001, 201X-003, and 201X-004*] to be (a) material weakness(es).



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)

REDACTED

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiency(ies) described in the accompanying Schedule of Findings and Responses as item(s) [*List the reference numbers of the related findings, for example, 201X-002 and 201X-005*] to be (a) significant deficiency(ies).

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Sample 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(s) of noncompliance or other matters that is (are) required to be reported under *Government Auditing Standards* and which is (are) described in the accompanying Schedule of Findings and Responses as item(s) [*List the reference numbers of the related findings, for example, 201X-001, 201X-003, and 201X-004*].

(Or replace last sentence with the following) The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sheriff's Response(s) to Finding(s)

(If the Sheriff has responded to any comments, include this paragraph)

The Sample County Sheriff's response(s) to the finding(s) identified in our audit is(are) described in the accompanying Schedule of Findings and Responses. The Sheriff's response(s) was (were) not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it(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

December 25, 2017 Put EOF in Binder Properties - Dates

REDACTED

SCHEDULE OF FINDINGS AND RESPONSES

REDACTED

SAMPLE COUNTY
JOHN DOE, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 16, 2016 Through April 15, 2017

IF THIS IS A FORMER SHERIFF PLEASE WRITE COMMENTS IN PAST TENSE WHERE APPLICABLE.

STATE LAWS AND REGULATIONS:

2016-001 The Sheriff

For repeat report findings, include a sentence such as: This is a repeat finding and was included in the prior year audit report as finding 2015-001.

Sheriff's Response: If no response, then please write: The sheriff did not provide a response. Otherwise, type their response exactly as they provided.

Auditor's Reply: *(delete if not needed) – Guidance: If the official contradicts or disagrees with the finding and documents this in their response, please consider whether an auditor's reply is needed. Consult your manager. Auditor replies should be written before level 2 review.*

2016-002 The Sheriff

Sheriff's Response:

SAMPLE COUNTY
JOHN DOE, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period April 16, 2016 Through April 15, 2017
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2016-003 The Sheriff

Sheriff's Response:

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY(IES):

2016-004 The Sheriff

Sheriff's Response:

INTERNAL CONTROL - MATERIAL WEAKNESS(ES):

2016-004 The Sheriff

Sheriff's Response:



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

REDACTED

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at www.auditor.ky.gov or upon request by calling 1-800-247-9126.

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