

**REPORT OF THE AUDIT OF THE  
JESSAMINE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2010**



**CRIT LUALLEN  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE JESSAMINE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2010**

The Auditor of Public Accounts has completed the Jessamine County Sheriff's audit for the year ended December 31, 2010. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$27,152 from the prior year, resulting in excess fees of \$168,596 as of December 31, 2010. Revenues increased by \$136,693 from the prior year and expenditures increased by \$109,541.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
The Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Jessamine County, Kentucky, for the year ended December 31, 2010. This financial statement is the responsibility of the Sheriff. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2010, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 04, 2011 on our consideration of the Jessamine 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 and should be considered in assessing the results of our audit.



The Honorable William Neal Cassity, Jessamine County Judge/Executive  
The Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Jessamine County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

November 04, 2011

JESSAMINE COUNTY  
 KEVIN CORMAN, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2010

Revenues

Federal Grants		\$ 56,866
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		96,638
State Fees For Services:		
Finance and Administration Cabinet	\$ 144,647	
Cabinet for Health and Family Services	<u>997</u>	145,644
Circuit Court Clerk:		
Fines and Fees Collected		11,039
Fiscal Court		687,100
County Clerk - Delinquent Taxes		149,797
Commission On Taxes Collected		780,890
Fees Collected For Services:		
Auto Inspections	28,850	
Accident and Police Reports	1,422	
Serving Papers	96,685	
Carrying Concealed Deadly Weapon Permits	<u>8,910</u>	135,867
Other:		
Add-On Fees	142,817	
CCDW Photos	1,942	
Tax Bill Printing	6,525	
Sheriff's Sale	42,511	
Executions/Orders	2,851	
Miscellaneous	1,223	
Training	616	
Restitution	784	
Reimbursements	<u>3,083</u>	202,352

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

JESSAMINE COUNTY  
 KEVIN CORMAN, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

Revenues (Continued)

Interest Earned	\$ 681
Borrowed Money:	
State Advancement	<u>300,000</u>
Total Revenues	2,566,874

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-	
Deputies' Salaries	\$ 1,428,873
Employee Benefits-	
Employer's Share Social Security	103,593
Employer's Share Hazardous Duty Retirement	24,039
Employer Paid Health Insurance	7,130
Contracted Services-	
Advertising	3,809
Materials and Supplies-	
Materials and Supplies	5,151
Office Materials and Supplies	13,030
Equipment	74,380
Uniforms	21,177
Auto Expense-	
Gasoline	89,211
Maintenance and Repairs	36,724
Other Charges-	
Computer Maintenance and Support	39,250
Travel and Training	11,899
Dues	1,619
Postage	8,201
Execution	2,971
Bond	127
CCDW	25

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

JESSAMINE COUNTY  
 KEVIN CORMAN, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges - (Continued)

Radio Repair	\$	744	
Sheriff's Sale		40,642	
Storage Building Rental		1,557	
Tax Bill Preparation		2,869	
Telephone		15,630	
Testing		628	
Prisoner Transport		8,792	
Uniform Laundry		11,028	
Audit Services		12,214	
Miscellaneous		249	
Capital Outlay-			
Office Equipment		21,348	
Vehicles		20,768	\$ 2,007,678

Debt Service:

State Advancement		300,000	
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Total Expenditures \$ 2,307,678

Net Revenues 259,196

Less: Statutory Maximum 86,976

Excess Fees 172,220

Less: Training Incentive Benefit 3,624

Excess Fees Due County for 2010 168,596

Payments to Fiscal Court :

June 30, 2010	9,813	
February 18, 2011	143,964	
March 16, 2011	14,819	<u>168,596</u>

Balance Due Fiscal Court at Completion of Audit \$ 0

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

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2010

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 revenues over expenditures 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 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures 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 2010 services
- Reimbursements for 2010 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2010

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

At the direction of the fiscal court, KRS 66.480 authorizes the 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).

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2010  
(Continued)

Note 2. Employee Retirement System

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. 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 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent for the first six months and 16.93 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 32.97 percent for the first six months and 33.25 percent for the last six months.

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 (members 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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. 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 Jessamine 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(4), 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.

JESSAMINE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2010  
(Continued)

Note 3. Deposits (Continued)

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 Jessamine County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Federal Grant

A. Victims Advocacy Grant

During 2010, the Sheriff's office received a federal grant for crime victim advocacy that passed through the Kentucky Justice and Public Safety Cabinet. The office received \$53,156 in payroll and matching reimbursements.

The Sheriff's office maintains a separate account for matching funds expended for the victims advocacy grant. During 2010, the beginning balance was \$939. The office received \$6,085 from fiscal court and \$4 in interest and expended \$6,068. The ending balance at December 31, 2010 was \$960.

B. Highway Safety Grant

The Jessamine County Sheriff's Office received a Federal Highway Safety Grant in 2010. The grant funds were for reimbursement of payroll expenses incurred by the Sheriff's office. During 2010, the Sheriff's office received \$3,710.

Note 5. Drug Fines and Forfeiture Account

The Jessamine County Sheriff's Office received proceeds from the confiscation, surrender, or sale of real and personal property involved in drug-related convictions. These funds are to be used for law enforcement activities. As of January 1, 2010, this account had a balance of \$12,080. During 2010, the Sheriff's office received \$3,824 and expended \$420 on allowable law enforcement activities. The ending balance at December 31, 2010 was \$15,484.

Note 6. Donations Account

The Jessamine County Sheriff's Office maintains an account consisting of donations and profits from fund-raising events. The expenditures from this account are to promote law enforcement programs throughout Jessamine County. As of January 1, 2010, the balance in this account was \$1,935. During 2010, the account had receipts of \$5 and expenditures of \$1,677. The ending balance as of December 31, 2010 was \$263.

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





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable William Neal Cassity, Jessamine County Judge/Executive  
The Honorable Kevin Corman, Jessamine County Sheriff  
Members of the Jessamine 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

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Jessamine County Sheriff for the year ended December 31, 2010, and have issued our report thereon dated November 04, 2011. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jessamine County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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 Jessamine County Sheriff's financial statement for the year ended December 31, 2010, 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Jessamine County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

November 04, 2011

