

**REPORT OF THE AUDIT OF THE  
FORMER BALLARD COUNTY  
SHERIFF**

**For The Period  
January 1, 2014 Through January 4, 2015**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER BALLARD COUNTY SHERIFF**

**For The Period  
January 1, 2014 Through January 4, 2015**

The Auditor of Public Accounts has completed the former Ballard County Sheriff's audit for the period January 1, 2014 through January 4, 2015. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$9,175 from the prior year, resulting in excess fees of \$5,240 as of January 4, 2015. Receipts increased by \$25,765 from the prior year and disbursements increased by \$16,590.

#### **Report Comments:**

- 2014-001 The Former Ballard County Sheriff's Office Had A Lack Of Adequate Segregation Of Duties
- 2014-002 The Former Sheriff Was Not Paid His Salary In Accordance With KRS 64.5275 And KRS 64.535
- 2014-003 The Former Sheriff Was Not Paid In Accordance With KRS 134.215 For The Period Of January 1, 2014 Through January 4, 2015
- 2014-004 Interest On Bank Loans Is Not An Allowable Expense Of Fee Offices

#### **Deposits:**

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



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Carey Batts, Ballard County Sheriff  
The Honorable Todd Cooper, Former Ballard County Sheriff  
Members of the Ballard 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 former County Sheriff of Ballard County, Kentucky, for the period January 1, 2014 through January 4, 2015, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on 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 opinions.



The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Carey Batts, Ballard County Sheriff  
The Honorable Todd Cooper, Former Ballard County Sheriff  
Members of the Ballard 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 County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the former County Sheriff, as of January 4, 2015, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Sheriff for the period January 1, 2014 through January 4, 2015, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2015 on our consideration of the former Ballard 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 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 effectiveness of the former Ballard County Sheriff's 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 entity's internal control over financial reporting and compliance.

The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Carey Batts, Ballard County Sheriff  
The Honorable Todd Cooper, Former Ballard County Sheriff  
Members of the Ballard County Fiscal Court

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

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

- 2014-001 The Former Ballard County Sheriff's Office Had A Lack Of Adequate Segregation Of Duties
- 2014-002 The Former Sheriff Was Not Paid His Salary In Accordance With KRS 64.5275 And KRS 64.535
- 2014-003 The Former Sheriff Was Not Paid In Accordance With KRS 134.215 For The Period Of January 1, 2014 Through January 4, 2015
- 2014-004 Interest On Bank Loans Is Not An Allowable Expense Of Fee Offices

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

June 18, 2015

BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Period January 1, 2014 Through January 4, 2015

Receipts

Federal Grants:

Drug Task Force	\$ 29,167		
Organized Crime Drug Enforcement Task Force	1,000		\$ 30,167

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			39,022
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State Fees For Services:

Finance and Administration Cabinet			68,336
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Circuit Court Clerk:

Fines and Fees Collected	5,066		
Court Ordered Payments	17		5,083

Fiscal Court			242,000
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County Clerk - Delinquent Taxes			8,308
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Commission On Taxes Collected			183,944
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Fees Collected For Services:

Auto Inspections	1,995		
Accident and Police Reports	680		
Serving Papers	8,610		
Carrying Concealed Deadly Weapon Permits	2,240		
Barlow/Kevil	7,200		
City of Wickliffe	21,600		
Transporting Prisoners	1,532		43,857

Other:

Add-On Fees	13,079		
Miscellaneous	12,524		25,603

Interest Earned			37
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Borrowed Money:

State Advancement	90,000		
Bank Note	25,000		115,000

Total Receipts			761,357
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The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2014 Through January 4, 2015  
(Continued)

Disbursements

Operating Disbursements:

Personnel Services-		
Deputies' Salaries	\$ 489,960	
Materials and Supplies-		
Office Materials and Supplies	7,499	
Uniforms	973	
Auto Expense-		
Gasoline	41,702	
Maintenance and Repairs	17,327	
Other Charges-		
Transporting Prisoners	406	
Postage	121	
Training	437	
Miscellaneous	<u>1,804</u>	\$ 560,229

Debt Service:

State Advancement	90,000	
Notes	<u>25,680</u>	<u>115,680</u>

Total Disbursements 675,909

Less: Disallowed Disbursements - Interest and Late Charges 802

Total Allowable Disbursements \$ 675,107

Net Receipts 86,250

Less: 2014 Sheriff Salary \* 76,264

Less: January 1 through January 4, 2015 Salary \*\* 836 77,100

Excess Fees 9,150

Less: Training Incentive Benefit 3,910

Balance Due Fiscal Court at Completion of Audit\*\*\* \$ 5,240

\* The former Sheriff's Statutory Maximum for Calendar year 2014 was \$76,264 as noted above. The former Sheriff was paid \$75,277 during calendar year 2014 which results in an underpayment of \$987.

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

BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2014 Through January 4, 2015  
(Continued)

\*\* The former Sheriff's Statutory Maximum for January 1 through January 4, 2015 was \$836 as noted above. The former Sheriff was paid \$6,261 for this period which results in an overpayment of \$5,425. The former Sheriff should repay the fiscal court \$4,438 for the overpayment of his salary. This is a net result of the 2014 underpayment of \$987 and the 2015 overpayment of \$5,425 for the Sheriff's salary.

\*\*\* The balance due the fiscal court at the completion of the audit in the amount of \$5,240 is a net result of the following items:

Disallowed disbursements	\$ 802
2014 Statutory Maximum Underpaid	(987)
2015 Statutory Maximum Overpaid	<u>5,425</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 5,240</u>

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

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT

January 4, 2015

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the former 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 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 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 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014

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 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).

BALLARD COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 January 4, 2015  
 (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 18.89 percent for the first six months and 17.67 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.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
January 4, 2015  
(Continued)

Note 2. Employee Retirement System (Continued)

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 former Ballard 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.

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 former Ballard County Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of January 4, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Federal Drug Fund

The former Ballard County Sheriff's office has a drug fund established by an order of the Circuit Court, which is authorized by KRS Chapter 218A. Receipts result from the forfeiture of money and property awarded in drug cases. The funds are spent for supplies, equipment, vehicle repairs, and drug awareness programs. The balance as of January 1, 2014, was \$1,010. During the calendar year, receipts of \$43,057 and disbursements of \$41,901 were accounted for in accordance with KRS Chapter 218A leaving an ending balance of \$2,166 as of January 4, 2015.

Note 5. State Drug Fund

The former Ballard County Sheriff's office opened the State Drug Fund in May 2014. Receipts result from forfeiture of money property awarded in state drug cases. The funds are spent for supplies, equipment, vehicle repairs, and drug awareness programs. During the calendar year, receipts of \$7,849 and disbursements of \$6,918 were accounted for in accordance with KRS Chapter 218A leaving an ending balance of \$931 as of January 4, 2015.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
January 4, 2015  
(Continued)

Note 6. Federal Grants

The former Ballard County Sheriff's Office was awarded two federal grants from the Justice & Public Safety Cabinet and the Drug Enforcement Agency. During the year, the former Sheriff's office received \$29,167 from the Kentucky State Police for Public Safety and \$1,000 from the Drug Enforcement Agency for deputy overtime. The former Ballard County Sheriff's office complied with the terms of the grant agreements.

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





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Carey Batts, Ballard County Sheriff  
The Honorable Todd Cooper, Former Ballard County Sheriff  
Members of the Ballard 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 former Ballard County Sheriff for the period January 1, 2014 through January 4, 2015, and the related notes to the financial statement and have issued our report thereon dated June 18, 2015. The former County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the former Ballard 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the former Ballard County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Ballard 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.



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)

**Internal Control Over Financial Reporting (Continued)**

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 did identify a certain deficiency in internal control, which is described in the accompanying comments and recommendations as item 2014-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the former Ballard County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2014-002, 2014-003, and 2014-004.

**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,



Adam H. Edelen  
Auditor of Public Accounts

June 18, 2015

COMMENTS AND RECOMMENDATIONS



BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Period January 1, 2014 Through January 4, 2015

INTERNAL CONTROL – SIGNIFICANT DEFICIENCY:

2014-001 The Former Ballard County Sheriff's Office Had A Lack Of Adequate Segregation Of Duties

The former Sheriff's office had a lack of adequate segregation of duties. Due to a limited number of staff, the Sheriff's bookkeeper was required to perform multiple tasks such as the collection of cash from customers, daily checkout procedures, the bookkeeping function, monthly bank reconciliations, the preparation of checks for disbursements, and the preparation of monthly and quarterly reports.

Segregation of duties over these tasks is essential for providing protection from asset misappropriation and helping prevent inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities. When proper segregation of duties cannot be achieved due to a limited number of staff, compensating controls can be implemented to provide an effective alternative.

Given the fact that the former Sheriff had a limited staff and proper segregation was not achievable without the hiring of additional employees, the former Sheriff should have implemented compensating controls to reduce the risk of misappropriation of assets associated with the lack of segregation of duties. Compensating controls such as strong oversight by the former Sheriff or a designee could have been an effective alternative. This oversight should have included reviewing daily checkout procedures, monthly bank reconciliations, receipts and disbursements ledgers, and the quarterly reports. Documentation, such as the former Sheriff or a designee's initials or signature, should have been provided on those items that were reviewed.

*Former Sheriff's Response: No response.*

STATE LAWS AND REGULATIONS:

2014-002 The Former Sheriff Was Not Paid His Salary In Accordance With KRS 64.5275 And KRS 64.535

Audit procedures revealed the former Sheriff was not receiving one-twelfth of his salary each month. Instead, the former Sheriff was only paid a partial amount of his salary each pay period in order to keep payroll costs low because of a lack of fees. The former Sheriff was then paid a portion of his salary at year-end with a balance still due to the former Sheriff for his calendar year 2014 salary.

KRS 64.5275(2) states, "the maximum salary of county judges/executive, county clerks, jailers who operate a full service jail, and sheriffs shall be fixed by the Department for Local Government according to a salary schedule in accordance with Section 246 of the Kentucky Constitution." KRS 64.535 states, "The county judge/executive, clerk, jailer who operates a full service jail, and sheriff shall receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275." Because the former Sheriff was not paid his full monthly salary and he did not receive his full salary for 2014, the former Sheriff was not in compliance with KRS 64.5275 or KRS 64.535. The former Sheriff should have obtained the necessary funds from Fiscal Court to fulfill his payroll obligations for 2014 in order to be in compliance with KRS 64.5275.

*Former Sheriff's Response: No response.*

BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Period January 1, 2014 Through January 4, 2015  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2014-003 The Former Sheriff Was Not Paid In Accordance With KRS 134.215 For The Period Of  
January 1, 2014 Through January 4, 2015

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Audit procedures revealed the former Sheriff received a full month salary for the time period January 1, 2015 through January 4, 2015. According to Section 99 of the Kentucky Constitution, “at the regular election in nineteen hundred and ninety-eight and every four years thereafter, there shall be elected in each county a Judge of the County Court, a County Court Clerk, a County Attorney, Sheriff, Jailer, Coroner, Surveyor and Assessor, and in each Justice's District one Justice of the Peace and one Constable, who shall enter upon the discharge of the duties of their offices on the first Monday in January after their election, and who shall hold their offices four years until the election and qualification of their successors,” causing the former Sheriff to hold office until January 4, 2015.

KRS 134.215(5) states, “The outgoing sheriff shall be paid in accordance with KRS 64.140 and 64.530 the reasonable expenses actually incurred in preparing the receipt required under this section. Reasonable expenses actually incurred may include office expenses and salaries of himself or herself, deputies, and employees paid in accordance with the schedule of the previous year or the amount paid an auditor necessary in determining, verifying, and recording the unpaid and partially paid tax claims turned over to the incoming sheriff.” Because the former Sheriff was paid his full monthly salary instead of a prorated amount for the January 1, 2015 through January 4, 2015, time period, the former Sheriff was not in compliance with KRS 134.215(5); therefore, we recommend the former Sheriff repay the Fiscal Court \$4,438 for this overpayment.

*Former Sheriff's Response: No response.*

2014-004 Interest On Bank Loans Is Not An Allowable Expense Of Fee Offices

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The former Sheriff had a line of credit with a local bank that was used for the operation of the Sheriff's office. According to the receipts and disbursements ledgers, the former Sheriff borrowed \$25,000 on this line of credit and paid \$680 in interest and late charges. The former Sheriff also used credit cards for many of his purchases, incurring \$122 in interest and late charges.

As part of Funk vs. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. Given the fact that interest on loans and credit cards are not considered a necessary expense of a fee office by the Department for Local Government (DLG), the \$802 of interest and late charges paid are not allowable.

BALLARD COUNTY  
TODD COOPER, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Period January 1, 2014 Through January 4, 2015  
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2014-004 Interest On Bank Loans Is Not An Allowable Expense Of Fee Offices (Continued)

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As an alternative to borrowing funds from a local bank, the former Sheriff could have increased his state advancement amount, coordinated with Fiscal Court to pay invoices or supplement his office, or reduce the overall obligation of the Sheriff's office. By doing one or more of these options, the former Sheriff could have eliminated the need to borrow funds that incur interest. For interest on credit cards, the former Sheriff could have paid invoices on time each month to avoid incurring any late charges. The Former Ballard County Sheriff had \$802 of disallowed expenditures for calendar year 2014 resulting from interest and late charges paid on line of credit and credit cards. Disallowed expenditures should be repaid with a deposit of personal funds. We recommend the former Sheriff repay \$802 from his personal funds to the Ballard County Fiscal Court.

*Former Sheriff's Response: No response.*

