

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

**For The Period  
January 1, 2016 Through August 31, 2016**



**MIKE HARMON  
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**



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

The Honorable Harold McKinney, Boyle County Judge/Executive  
The Honorable Marty Elliott, Former Boyle County Sheriff  
The Honorable Derek Robbins, Boyle County Sheriff  
Members of the Boyle 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 Sheriff of Boyle County, Kentucky, for the period January 1, 2016 through August 31, 2016, 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 and budget laws. 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 opinion.



The Honorable Harold McKinney, Boyle County Judge/Executive  
The Honorable Marty Elliott, Former Boyle County Sheriff  
The Honorable Derek Robbins, Boyle County Sheriff  
Members of the Boyle 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 former Boyle 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 Boyle County Sheriff, as of August 31, 2016, or changes in financial position or cash flows thereof for the period 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 Boyle County Sheriff for the period January 1, 2016 through August 31, 2016, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017, on our consideration of the former Boyle County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control over financial reporting and compliance.

Based upon the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comment:

2016-001 The Current Boyle County Sheriff Was Paid From The Former Sheriff’s Fee Account, Requiring Reimbursement

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

October 5, 2017

BOYLE COUNTY  
MARTY ELLIOTT, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Period January 1, 2016 Through August 31, 2016

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	25,900
State Fees For Services:		
Finance and Administration Cabinet	\$	62,475
Sheriff Security Service	6,719	69,194
Circuit Court Clerk:		
Fines and Fees Collected		4,753
County Clerk - Delinquent Taxes		19,122
Commission On Taxes Collected		49,857
Fees Collected For Services:		
Auto Inspections	4,751	
Accident and Police Reports	774	
Serving Papers	25,322	
Carry Concealed Deadly Weapon Permits	11,925	42,772
Other:		
Add-On Fees	35,435	
Donation for K-9	3,000	
Election Commission	120	
Fingerprints	1,759	
Fiscal Court Fees	5,800	
Mileage Fees	9,645	
Notary Fees	322	
School Resource Officer	12,500	
Return of Fugitive	6,570	
Telecommunications Tax	1,473	
Miscellaneous	656	77,280
Interest Earned		57
Borrowed Money:		
State Advancement		286,110
Total Receipts		575,045

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

BOYLE COUNTY  
MARTY ELLIOTT, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2016 Through August 31, 2016  
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Gross Salaries	\$ 303,239
Overtime Gross Salaries	64,945
KLEFPF Incentive	24,181
KLEFPF Overtime	5,825
KLEFPF Retirement	7,450
Highway Safety	129
Payout	2,638

Materials and Supplies-

Uniforms	4,048
Court Security Uniforms	2,603
Law Enforcement Equipment	765
Equipment Repair and Maintenance	3,915
Law Enforcement Supply and Material	2,583

Auto Expense-

Gasoline	4
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Other Charges-

Conventions and Travel	1,988
CCDW	2,215
K-9 Expense	4,034
K-9 Donation	1,676
Miscellaneous	596
Office Furniture	430
Phones	6,547
Reimbursement - Waiting on Court	57,970
Reimbursement - Fiscal Court Fees	2,290
Reimbursement - Service Fees	50
Training	1,000
Transporting Prisoners	6,154
Miscellaneous	394
	\$ 507,669

Debt Service:

Notes Payable	2,976
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Total Disbursements

\$ 510,645

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



BOYLE COUNTY  
MARTY ELLIOTT, FORMER SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2016 Through August 31, 2016  
(Continued)

Net Receipts	\$ 64,400
Less: Statutory Maximum	<u>59,540</u>
Excess Fees Due County for 2016	4,860
Payment to Fiscal Court - January 18, 2017	<u>1,769</u>
Balance Due Fiscal Court at Completion of Audit	<u><u>\$ 3,091</u></u>

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

BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT

August 31, 2016

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

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

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

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

The financial statement has been prepared on a regulatory basis of accounting, which 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 2016 services
- Reimbursements for 2016 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2016

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

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

The county official and employees have elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 31, 2016  
(Continued)

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

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 17.06 percent for the first six months and 18.68 percent for the last six months.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

BOYLE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 August 31, 2016  
 (Continued)

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

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.

The county's contribution rate for hazardous employees was 32.95 percent for the first six months and 31.06 percent for the last six months.

Health Insurance Coverage

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. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Boyle 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, 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

BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 31, 2016  
(Continued)

Note 3. Deposits (Continued)

evidenced by an agreement between the former 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 Boyle County Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 66.480(1)(d) and KRS 41.240. As of August 31, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Notes Payable

The former Boyle County Sheriff's office was liable for a secured note payable in the amount of \$198,970 as of August 31, 2016. The purpose of the note was to purchase vehicles. The note matures upon demand and the interest rate is 3.50 percent. The former Boyle County Sheriff's office was in compliance with the terms of the agreement as of August 31, 2016.

Note 5. Lease Agreement

The former Boyle County Sheriff's office was committed to a lease agreement for a copier. In January 2016, the Boyle County Fiscal Court began making the required payments on behalf of the former sheriff's office.

Note 6. State Seized Funds Account

The former Boyle County Sheriff's office maintained a state seized funds account. These funds are used in law enforcement activities and not to supplant the sheriff's normal operating budget; therefore, they are not considered in determining excess fees. As of January 1, 2016, the former sheriff had a balance of \$1,332. During the period, the former sheriff received \$14,102 and disbursed \$5,901, leaving a balance of \$9,533 as of August 31, 2016.

Note 7. Federal Seized Funds Account

The former Boyle County Sheriff's office maintained a federal seized funds account. These funds were used in law enforcement activities and not to supplant the former sheriff's normal operating budget; therefore, they are not considered in determining excess fees. As of January 1, 2016, the former sheriff had a balance of \$200. During the period, the former sheriff had no receipts or disbursements, leaving a balance of \$200 as of August 31, 2016.

Note 8. Seized Holding Account

The former Boyle County Sheriff's office maintained a seized holding account. The disbursement of funds held by this account is determined by court order and not to supplant the sheriff's normal operating budget; therefore, these funds are not considered in determining excess fees. As of January 1, 2016, the former sheriff had a balance of \$52,129. During the period, the former sheriff received \$59,244 and disbursed \$15,092, leaving a balance of \$96,281 as of August 31, 2016.

BOYLE COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 31, 2016  
(Continued)

Note 9. Undercover Account

The former Boyle County Sheriff's office maintained an undercover account. These funds are used in law enforcement activities and not to supplant the former sheriff's normal operating budget; therefore, they are not considered in determining excess fees. As of January 1, 2016, the former sheriff had a balance of \$343. During the period, the former sheriff received \$800 and disbursed \$940, leaving a balance of \$203 as of August 31, 2016.

Note 10. Donations Account

The former Boyle County Sheriff's office maintained a donations account. These funds are used to further the public purpose of the office. As of January 1, 2016, the sheriff had a balance of \$3,443. During the period, the former sheriff received \$818 and disbursed \$4,261, leaving a balance of \$0 to end the former sheriff's term.

Note 11. Explorer Program Account

The former Boyle County Sheriff's office maintained an account for the operation of the Explorer's Program. Receipts and disbursements associated with this account are not to supplant the former sheriff's normal operating budget; therefore, they are not considered in determining excess fees. As of January 1, 2016, the former sheriff had a balance of \$1,048. During the period, the former sheriff received \$8,453 and disbursed \$3,931, leaving a balance of \$5,570 as of August 31, 2016.

Note 12. Commitments and Contingencies

The former sheriff's office is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant, in aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 13. State Advancement

The former Boyle County Sheriff received a state advancement totaling \$342,732. During the term of the former sheriff, the office received \$286,110 and the remaining \$56,622 was received under the incoming sheriff. The full amount was repaid on January 12, 2017.

Note 14. Retirement

The former sheriff retired as of August 31, 2016. A new sheriff was appointed by the county judge/executive on August 31, 2016, to begin his duties on September 1, 2016.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

The Honorable Harold McKinney, Boyle County Judge/Executive  
The Honorable Marty Elliott, Former Boyle County Sheriff  
The Honorable Derek Robbins, Boyle County Sheriff  
Members of the Boyle 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 Boyle County Sheriff for the period January 1, 2016 through August 31, 2016, and the related notes to the financial statement and have issued our report thereon dated October 5, 2017. The former Boyle 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 former Boyle 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 former Boyle County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Boyle 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We identified a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Responses as item 2016-001 that we consider to be a significant deficiency.



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 former Boyle 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 of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2016-001.

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

The former Boyle County Sheriff's views and planned corrective action for the finding identified in our audit are described in the accompanying Schedule of Findings and Responses. The former sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

October 5, 2017

SCHEDULE OF FINDINGS AND RESPONSES

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BOYLE COUNTY  
MARTY ELLIOTT, FORMER SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Period January 1, 2016 Through August 31, 2016

FINANCIAL STATEMENT FINDING:

2016-001    The Current Boyle County Sheriff Was Paid From The Former Sheriff's Fee Account, Requiring Reimbursement

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The incoming Boyle County Sheriff's first payroll was paid from the former sheriff's fee account. When auditors tested the current sheriff's statutory maximum, we found the incoming sheriff was paid a salary exceeding the statutory maximum salary set by the Department for Local Government by \$3,091, which was the amount for one payroll period paid from the former sheriff's account. The overpayment was a result of a calculation error by the payroll clerk. Near the end of the calendar year, the amounts were being checked to ensure accuracy, when an error was made in calculation. The payment from the wrong sheriff's account was a bookkeeping error stemming from the transition to a new sheriff. This resulted in the incoming sheriff's salary exceeding what was allowed by law and was paid from the incorrect fee account. When a new fee official takes office, the office is required to separate receipts and expenses incurred by each official, including payroll.

KRS 64.5275 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." Sheriffs should be paid the exact amount fixed by the Department for Local Government. We recommend the current Boyle County Sheriff repay the fiscal court for overpaid salary in the amount of \$3,091 on behalf of the former Boyle County Sheriff to finalize the account of the former sheriff.

*Former Sheriff's Response: The comment concerning the salary has been adequately explained by the auditor.*