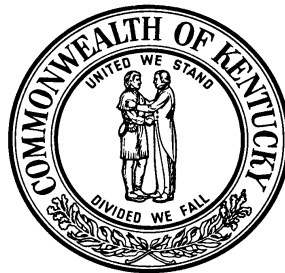


**REPORT OF THE AUDIT OF THE
FORMER FRANKLIN COUNTY
SHERIFF'S SETTLEMENT - 2017 TAXES**

**For The Period
April 18, 2017 Through April 16, 2018**



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

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Huston Wells, Franklin County Judge/Executive
The Honorable Pat Melton, Former Franklin County Sheriff
The Honorable Chris Quire, Franklin County Sheriff
Members of the Franklin County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the former Franklin County Sheriff's Settlement - 2017 Taxes for the period April 18, 2017 through April 16, 2018 - 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.

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AN EQUAL OPPORTUNITY EMPLOYER M / F / D



To the People of Kentucky

The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Huston Wells, Franklin County Judge/Executive
The Honorable Pat Melton, Former Franklin County Sheriff
The Honorable Chris Quire, Franklin County Sheriff
Members of the Franklin 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 Franklin County 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 former Franklin County Sheriff, for the period April 18, 2017 through April 16, 2018.

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 18, 2017 through April 16, 2018 of the former Franklin County Sheriff, 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 May 9, 2019, on our consideration of the former Franklin 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 former Franklin County Sheriff's internal control over financial reporting and compliance.

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Huston Wells, Franklin County Judge/Executive

The Honorable Pat Melton, Former Franklin County Sheriff

Members of the Franklin County Fiscal Court

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

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

- 2017-001 The Former Franklin County Sheriff Lacked Adequate Segregation Of Duties Over Daily Accounting And Reporting Functions
- 2017-002 The Former Franklin County Sheriff Did Not Ensure Tax Collections Were Deposited Daily
- 2017-003 The Former Franklin County Sheriff Lacked Adequate Controls And Oversight For Daily Office Procedures

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

May 9, 2019

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 2017 TAXES

For The Period April 18, 2017 Through April 16, 2018

| <u>Charges</u> | Special | | | |
|------------------------------------------------------------------------|---------------------|-------------------------|---------------------|--------------------|
| | <u>County Taxes</u> | <u>Taxing Districts</u> | <u>School Taxes</u> | <u>State Taxes</u> |
| Real Estate | \$ 5,423,766 | \$ 4,905,230 | \$ 19,288,381 | \$ 3,635,711 |
| Tangible Personal Property | 438,418 | 413,528 | 1,375,850 | 933,446 |
| Increases Through Exonerations | 689 | 7,373 | 1,991 | 461 |
| Franchise Taxes - Billed | 277,616 | 248,758 | 825,241 | |
| Franchise Taxes - Unbilled | 19,352 | 17,620 | 49,095 | |
| Distilled Spirits Taxes | 387,480 | 389,067 | 1,282,375 | |
| Additional Billings | 552 | 499 | 2,085 | 356 |
| Insurance Capital | 34,646 | | | |
| Limestone, Sand, and Gravel Reserves | 835 | 755 | 3,111 | 563 |
| Penalties | 12,717 | 11,514 | 43,045 | 9,743 |
| Adjusted to Sheriff's Receipt | (1,867) | (1,602) | 14 | (1,316) |
| Gross Chargeable to Sheriff | <u>6,594,204</u> | <u>5,992,742</u> | <u>22,871,188</u> | <u>4,578,964</u> |
| <u>Credits</u> | | | | |
| Exonerations | 30,559 | 5,404 | 101,770 | 9,935 |
| Discounts | 110,328 | 101,335 | 387,131 | 79,936 |
| Delinquents: | | | | |
| Real Estate | 86,068 | 77,840 | 288,080 | 57,694 |
| Tangible Personal Property | 2,104 | 1,917 | 6,825 | 4,160 |
| Franchise Taxes - Unbilled | <u>19,352</u> | <u>17,620</u> | <u>49,095</u> | |
| Total Credits | <u>248,411</u> | <u>204,116</u> | <u>832,901</u> | <u>151,725</u> |
| Taxes Collected | 6,345,793 | 5,788,626 | 22,038,287 | 4,427,239 |
| Less: Commissions * | <u>269,696</u> | <u>246,017</u> | <u>440,766</u> | <u>188,158</u> |
| Taxes Due | 6,076,097 | 5,542,609 | 21,597,521 | 4,239,081 |
| Taxes Paid | 6,070,273 | 5,537,523 | 21,583,828 | 4,236,558 |
| Refunds (Current and Prior Year) | <u>5,382</u> | <u>4,765</u> | <u>13,921</u> | <u>3,825</u> |
| Due Districts or (Refunds Due Sheriff) as of Completion of Audit | <u>\$ 442</u> | <u>\$ 321</u> | <u>\$ (228)</u> | <u>\$ (1,302)</u> |

**

* and ** See next page.

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

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 2017 TAXES
For The Period April 18, 2017 Through April 16, 2018
(Continued)

* Commissions:

| | | |
|----------|----|------------|
| 4.25% on | \$ | 16,561,658 |
| 2% on | \$ | 22,038,287 |

** Special Taxing Districts:

| | | |
|--------------------|----|-------------------|
| Library District | \$ | 185 |
| Health District | | 95 |
| Extension District | | <u>41</u> |
| Due Districts | \$ | <u><u>321</u></u> |

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT

April 16, 2018

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

The former Franklin 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 former sheriff's deposits may not be returned. The former Franklin 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 April 16, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT
April 16, 2018
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2017. 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 November 11, 2017 through April 16, 2018.

B. Limestone, Sand, and Gravel Reserves

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 November 13, 2017 through April 16, 2018.

C. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was April 18, 2017 through April 16, 2018.

Note 4. Interest Income

The former Franklin County Sheriff earned \$5,471 as interest income on 2017 taxes. The former sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the former sheriff's office. As of May 9, 2019, the school district owed \$307 in interest to former sheriff for overpayment of interest.

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

The former Franklin County Sheriff collected \$66,411 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the former sheriff's office. As of May 9, 2019, the former sheriff owed \$5,325 in 10% add-on fees to his fee account.

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

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Huston Wells, Franklin County Judge/Executive
The Honorable Pat Melton, Former Franklin County Sheriff
The Honorable Chris Quire, Franklin County Sheriff
Members of the Franklin 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 former Franklin County Sheriff's Settlement - 2017 Taxes for the period April 18, 2017 through April 16, 2018 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated May 9, 2019. The former Franklin 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 Franklin 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 former Franklin County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the former Franklin 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 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 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 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 2017-001, 2017-002, and 2017-003 that we consider to be significant deficiencies.



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 Franklin 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 Schedule of Findings and Responses as items 2017-002 and 2017-003.

Views of Responsible Official and Planned Corrective Action

The former Franklin 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 Franklin County 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

May 9, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 18, 2017 Through April 16, 2018

FINANCIAL STATEMENT FINDINGS:

2017-001 The Former Franklin County Sheriff Lacked Adequate Segregation Of Duties Over Daily Accounting And Reporting Functions

This is a repeat finding and was included in the prior year audit report as finding 2016-001. The former sheriff lacked adequate segregation of duties over accounting and reporting functions of the former sheriff's office. The bookkeeper assisted in collecting tax bill payments, posted to the financial software program, pulled monthly reports for all districts, prepared checks for districts, and prepared the monthly bank reconciliation. The auditor noted that the former sheriff had implemented dual signatures on all checks and signed monthly tax reports. However, these compensating controls were not effective enough to offset the risk associated with inadequate segregation of duties.

Internal controls were not in place to ensure duties were adequately segregated and sufficient compensating controls were not implemented.

A lack of adequate segregation of duties increases the risk undetected errors could occur and have a material effect on the financial reporting of the office.

When faced with a limited number of staff, strong compensating controls should be in place to offset the lack of adequate segregation of duties. Proper segregation of duties, or the implementation of compensating controls, is essential for providing protection from asset misappropriation and inaccurate financial reporting, while also protecting employees in the normal course of performing their responsibilities.

We recommend the sheriff's office evaluate the controls in place and consider the following controls to adequately protect the office against misappropriation of assets and inaccurate financial reporting:

- Authorize someone other than the person performing closeout procedures, preparing the deposit, and performing the bank reconciliation to agree daily tax collection totals to the deposit slip. This person should also ensure the cash/checks per report agree to deposit slip, then document the review by initialing the bank deposit.
- Authorize someone other than the check preparer to review supporting documentation and sign checks in the sheriff's absence.
- The sheriff or a designated employee should reconcile the daily work to the ledger and monthly reports to ensure accuracy, then document the review by initialing or signing reports.

Former Sheriff's Response: See Appendix A for former sheriff's response.

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period April 18, 2017 Through April 16, 2018
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Former Franklin County Sheriff Did Not Ensure Tax Collections Were Deposited Daily

This is a repeat finding and was included in the prior year audit report as finding 2016-002. The former sheriff was not depositing tax collections into the bank daily as required by KRS 68.210. Tax collection were not processed daily during the month of November. The auditor expanded testing for the entire month and found that collections for two days were held in the office 2-3 days before processing them for deposit. See the dates below:

- Collections on November 9th were processed on November 9th per deposit ticket but report attached shows a run date of November 11th and the deposit actually cleared the bank on November 14th. Second deposit for November 9th shows the deposit ticket date of November 9th with the report run date of November 13th, and cleared bank on November 14th. Monies collected on a Thursday were not processed for deposit until the following Tuesday.
- Collections on November 10th show a report date of November 14th. This deposit was all credit cards but the report for this day was not processed until November 14th
- Collections on November 22nd were not processed for deposit until November 29th (per date on deposit ticket) and deposited into bank on December 1st
- Collections on November 27th were not processed for deposit until November 29th (per date on deposit ticket) and deposited into bank on November 29th

The auditor also noted that dates on the reports did not correspond with dates on the deposit ticket. The date on the report would be after the date on the deposit ticket giving the appearance that the deposit ticket was backdated.

The former sheriff did not have controls in place to ensure daily collections were deposited intact on a daily basis.

The practice of making daily deposits reduces the risk of misappropriation of cash, which is the asset most susceptible to loss or theft. Delaying processing of deposits can be used to conceal the theft of tax payments to the sheriff's office.

The Department for Local Government (DLG) was given authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the County Budget Preparation and State Local Finance Officer Policy Manual requires that deposits be made daily and intact.

We recommend the sheriff's office implement controls to ensure tax collections are deposited daily and intact.

Former Sheriff's Response: See Appendix A for former sheriff's response.

FRANKLIN COUNTY
 PAT MELTON, FORMER SHERIFF
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Period April 18, 2017 Through April 16, 2018
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-003 The Former Franklin County Sheriff Lacked Adequate Controls And Oversight For Daily Office Procedures

This is a partial repeat finding and was included in the prior year audit report as finding 2016-004. The following deficiencies were identified related to daily office procedures:

- No documentation on the software report that cash and checks counted from cash drawer by deputy agreed to report;
- No indication that a review of the deposit was performed;
- Tax Software does not have capability to track the employee who took each tax bill collection;
- Various employees work out of the same drawer with the same log in credentials. No control is place to track which employee processes a tax bill payment; and
- Deposits were not made daily – See finding 2017-002.
- Disbursement made to one district contained a \$30,000 error and resulted in an overpayment to a district. Then the following month this \$30,000 was inaccurately reported as a refund.
- A franchise bill was billed incorrectly resulting in the former sheriff owing the company a refund
- Multiple franchise bills were not billed timely
- December 2017 State Tax Collections report shows a refund was owed but was not deducted from amount paid to state. Upon further investigation, this was not a refund and unable to determine why it was written on tax report.

Because of a lack of control and understanding of state statutes, required daily checkout procedures were not performed. By not performing required daily checkout procedures, tax receipts were left vulnerable to misappropriation and loss. Additionally, the former sheriff was not compliant with DLG's accounting requirements. Failure to implement controls over the receipt process increases the risk of undetected errors and misappropriation of assets.

Effective internal control procedures over daily deposits require that deposits be made intact and contain all cash and checks received for payments. The Department for Local Government was given the authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds as stated in the County Budget Preparation and State Local Finance Office Policy Manual requires that deposits be made daily and properly documented by a daily checkout sheet.

Strong internal controls dictate that checkout procedures be performed daily and that management provide strong oversight of daily operations. In addition, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) County Budget Preparation And State Local Finance Officer Policy Manual requires making daily deposits intact into a federally insured banking institution.

We recommend the sheriff's office strengthen controls and provide management oversight of daily procedures to ensure accuracy. Deposits should be made intact and on a daily basis. Furthermore, the sheriff's office could work with the software programmer to see if an audit trail could be added.

Former Sheriff's Response: See Appendix A for former sheriff's response.

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APPENDIX A

Mike Harmon
Auditor of Public Accounts
209 St. Clair St.
Frankfort, KY 40601

Mr. Harmon,

I was proud to serve the citizens of Franklin County for over 8 years as their Sheriff. During my tenure no funds were missing and my team dedicated to make this county a safer place to live, work, and play. I expended funds and staff to address critical public safety issues. I respect the professional manner the APA conducted this audit. It is my understanding all financial issues found in the audit are reconciled with the other agencies and no further action is required. During my tenure my Office collected over \$200,000,000 in taxes as prescribed by law and every single penny was accounted for. The administrative issues identified in the audit were either corrected or in the process of being corrected.

Thank you for the opportunity to respond.

A handwritten signature in black ink, appearing to read "Pat Melton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Pat Melton
Former Franklin County Sheriff