REPORT OF THE AUDIT OF THE FORMER FRANKLIN COUNTY SHERIFF

For The Year Ended
December 31, 2017

MIKE HARMON
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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

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 Franklin County, Kentucky, for the year ended December 31, 2017, 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 this 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 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 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.

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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 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 Franklin County Sheriff, as of December 31, 2017, 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 Franklin County Sheriff for the year ended December 31, 2017, 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, 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 former Franklin County Sheriff's internal control over financial reporting and compliance.

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

2017-001 The Former Sheriff's Final Fourth Quarter Report Did Not Accurately Reflect Total Receipts
2017-002 The Former Sheriff Overspent His Approved Budget

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

May 9, 2019

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2017

Receipts		
Federal Grant		$ 23,454
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		121,661
State Fees For Services:		
Finance and Administration Cabinet	$ 139,174	
Sheriff Security Service	46,527	
Prisoner Transport	17,893	203,594
Fiscal Court		107,370
County Clerk - Delinquent Taxes		54,092
School Board - School Resource Officer Support		184,446
Commission On Taxes Collected		1,131,690
Fees Collected For Services:		
Auto Inspections	18,446	
Accident and Police Reports	10,882	
Serving Papers	122,955	
Carry Concealed Deadly Weapon Permits	17,730	170,013
Other:		
Add-On Fees	36,590	
Miscellaneous	42,180	78,770
Interest Earned		1,009
Borrowed Money:		
State Advancement		420,000
Total Receipts		$ 2,496,099

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2017
(Continued)

Disbursements			
Operating Disbursements and Capital Outlay:			
Personnel Services-			
Deputies' Salaries	$ 1,511,461		
Employee Benefits-			
Employer's Share Retirement	51,548		
School Resource Officer Benefits	33,164		
Contracted Services-			
Vehicle Maintenance and Repairs	40,299		
Computer Services	3,984		
Materials and Supplies-			
Office Materials and Supplies	9,601		
Uniforms	11,947		
Auto Expense-			
Gasoline	98,315		
Other Charges-			
Dues	2,941		
Postage	11,217		
Out of State Transports	6,752		
Jury	175		
Telephone	6,940		
Training	12,390		
Prisoner Transport	1,189		
Miscellaneous	18,174		
Payments to County:			
Vehicles	102,422		
Capital Outlay-			
Office Equipment	10,843	$ 1,933,362	
Debt Service:			
State Advancement		420,000	
Total Disbursements			$ 2,353,362

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

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2017
(Continued)

Net Receipts	$ 142,737
Less: Statutory Maximum	103,318
Excess Fees	39,419
Less: Training Incentive Benefit	4,052
Excess Fees Due County for 2017	35,367
Payment to Fiscal Court - June 12, 2018	12,963
Balance Due Fiscal Court at Completion of Audit	$ 22,404

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2017

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 2017 services
- Reimbursements for 2017 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2017

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.

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

The sheriff's contribution for the KLEFPF portion of retirement for calendar year 2017 was $51,548.

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 members contribute five percent of their annual creditable compensation and 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 18.68 percent for the first six months and 19.18 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 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.

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

Hazardous (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 31.06 percent for the first six months and 31.55 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:

Years of Service	**% Paid by Insurance Fund**	**% Paid by Member through Payroll Deduction**
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 Franklin 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 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 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 December 31, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Federal Grant

The former Franklin County Sheriff's office was awarded a federal overtime grant specifically for impaired driving enforcement, not to exceed $34,250. This grant passed through the Kentucky Transportation Cabinet Office of Highway Safety. The former sheriff requested and received reimbursements totaling $23,454 in calendar year 2017.

Note 5. Lease Agreement

The former Franklin County Sheriff's office entered into a lease for a copier in November 2011. The agreement requires a monthly payment of $179 for 63 months to be completed on May 31, 2017. The lease renews each year until termination. Total principal payments for 2017 were $2,148. The total remaining balance of the new agreement was $895 as of December 31, 2017.

Note 6. Forfeiture Accounts

A. Confiscation and Federal Forfeiture Account

The former Franklin County Sheriff's office maintained an account for proceeds from confiscation, surrender, or sale of real and personal property involved in drug related convictions from the federal government for participating in investigations or prosecutions that resulted in forfeited federal drug money. Federal forfeiture funds are to be used for law enforcement activities, including training, equipment, operations, facilities, and drug education awareness, etc. These funds are not available for excess fees purposes. The balance in this account at January 1, 2017, was $702. There were no receipts or disbursements during the year. The ending balance, as of December 31, 2017, was $702.

Note 6. Forfeiture Accounts (Continued)

B. State Forfeiture Account

The former sheriff's office maintained an account for proceeds received from the confiscation, surrender, or sale of real and personal property involved in state related convictions. State forfeiture funds are to be used for law enforcement activities and are not available for excess fee purposes. The balance in this account as of January 1, 2017, was $6,879. Receipts during the year were $62,012 and funds totaling $51,729 were expended, leaving a balance of $17,162, as December 31, 2017.

Note 7. Donation Account

The former sheriff's office maintained an account for donations. The balance at January 1, 2017, was $408. Funds totaling $2,015 were received and $50 was expended during the year. The ending balance as of December 31, 2017 was $2,373.

Note 8. Operation Lifesaver Account

The former sheriff's office maintained an account for the Operation Lifesaver Program. The balance at January 1, 2017, was $1,728. There were no funds received during the year and disbursements of $181 were expended during the year. The ending balance as of December 31, 2017 was $1,547.

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 Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the former Franklin County Sheriff for the year ended December 31, 2017, 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 and 2017-002 that we consider to be significant deficiencies.

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 2017-001 and 2017-002

Views of Responsible Official and Planned Corrective Action

The former Franklin County Sheriff's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The former Franklin County Sheriff's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

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 Year Ended December 31, 2017

FINANCIAL STATEMENT FINDINGS:

2017-001 The Former Sheriff's Final Fourth Quarter Report Did Not Accurately Reflect Total Receipts

The former Franklin County Sheriff's fourth quarter report, which serves as the sheriff's financial statement, reflected discrepancies in total receipts for calendar year 2017, requiring multiple audit adjustments. The following issues were noted:

- Receipts, totaling $42,744, were double posted to the financial statement and to the receipts ledger.
- KLEFPF receipts, totaling $121,661, were omitted from the financial statement and receipts ledger.

Controls were not in place to ensure that all receipts were posted correctly to the ledgers or quarterly reports. Misstatements could result in an increased risk of uncorrected errors, theft, loss or misappropriated assets.

KRS 134.192(11) says, "[a] complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes, and a complete statement of all expenditures of his or her office…"

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation & State Local Finance Officer Policy Manual* requires the sheriff to prepare a quarterly report which includes all receipts and disbursements the sheriff collected and paid during the calendar year. KRS 134.160(3) states, in part, "All payments received by the sheriff shall be entered immediately by the sheriff on his or her books."

We recommend the sheriff's office implement controls to ensure that ledgers reflect actual amounts received and disbursed. Additionally, ensure correct amounts are shown on all financial statements presented to the public and to the Department for Local Government and comply with KRS 68.210, 134.192(11), and 134.160(3).

Former Sheriff's Response: See Appendix A

2017-002 The Former Sheriff Overspent His Approved Budget

This is a repeat finding and was included in the prior year audit as finding 2016-006. The former Franklin County Sheriff overspent the amount fixed by fiscal court for his official expenses. For calendar year 2017, the former sheriff's operating expenditures exceeded the maximum amount fixed by the Franklin County Fiscal Court by $227,443.

This condition is a result of inaccurate financial records and a lack of management oversight. The former sheriff did not properly monitor his budget to actual amounts. Failure to monitor the budget shows a lack of fiscal responsibility and places public funds at risk.

KRS 64.530(3) states, in part, "[t]he fiscal court may also fix the reasonable maximum amount that the officer may expend each year for expenses of his office." KRS 68.210 states, "[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe a system of uniform accounts for all counties and county officials." The state local finance officer requires the fiscal court to approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15th of each year.

FRANKLIN COUNTY
PAT MELTON, FORMER SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2017

FINANCIAL STATEMENT FINDINGS: Continued)

2017-002 The Former Sheriff Overspent His Approved Budget (Continued)

We recommend the sheriff's office not make disbursements that exceed the approved budget. We further recommend the sheriff monitor the budget throughout the year and request budget amendments sufficient to cover actual expenses, if necessary, before year-end.

Former Sheriff's Response: See Appendix A

APPENDIX A

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May 9, 2019

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.

Pat Melton

Pat Melton
Former Franklin County Sheriff