



Auditor of Public Accounts  
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### **Harmon Releases Audit of Lyon County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2016 financial statement of Lyon County Sheriff Kent Murphy. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account, and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements, and excess fees of the Lyon County Sheriff in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statement did not follow this format. However, the sheriff's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving internal control over financial operations and reporting.

The audit contains the following comments:

**Prior years' disallowed expenditures have not been reimbursed to the drug fund:** This is a repeat finding and was included in the prior year audit report as Finding 2015-001. The Lyon County Sheriff failed to reimburse the drug fund in calendar year 2016 the disallowed expenditures of \$787 from the sheriff's 2013 audit and disallowed expenditures of \$428 from the sheriff's 2014 audit due to the sheriff not being in agreement as to the nature of the items. The expenditures that were disallowed were items bearing the sheriff's name.

According to KRS 218A.420(4), proceeds from the sale of forfeited property are to be used for direct law enforcement purposes. In addition, Kentucky's highest court, in the case of Funk v. Milliken, 317 S.W.2d 499, (Ky. 1958), held that a sheriff as a fee officer is not allowed to expend the public funds of his office on items that are primarily personal in nature.

We recommend the sheriff reimburse the drug fund account in the amount of \$1,215 from his personal funds in order to comply with KRS 218A.420(4) and Funk v. Milliken, 317 S.W.2d 499, (Ky. 1958).

*Sheriff's Response: Please Rely on Previous Years Response.*

**The sheriff overspent his budget approved by the fiscal court:** During calendar year 2016, the Lyon County Sheriff's operating disbursements exceeded the budget approved by the Lyon County Fiscal Court. The Lyon County Fiscal Court approved the sheriff's budget for official expenses at \$7,692, however the sheriff expended \$10,625. The sheriff did not properly monitor his budget. As a result, he overspent his budget approved by the fiscal court.

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. 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."

We recommend the Lyon County Sheriff monitor his budget throughout the year and request budget amendments as necessary from the fiscal court, before year end.

*Sheriff's Response: Our office fee pools which makes it difficult to budget accordingly however we will monitor more closely in the future and request budget amendments as necessary from the Fiscal Court.*

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The audit report can be found on the [auditor's website](#).

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