



Auditor of Public Accounts  
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**FOR IMMEDIATE RELEASE**

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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 2014 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 revenues, expenditures, and excess fees in accordance with generally accepted accounting principles in the United States. 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 non-compliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The Sheriff should issue receipts in triplicate.** The Sheriff was not issuing receipts in accordance with KRS 64.840. KRS 64.840(2) states, "One (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit."

While the Sheriff was issuing receipts to customers, they were not prepared in triplicate, nor were they placed with the daily bank deposit as required by statute. Therefore, the Sheriff was not in compliance with KRS 64.840.

Issuing three-part receipt forms and filing them as required will not only ensure the Sheriff is in compliance with state statute, but it will also strengthen internal controls over receipts. By batching the receipts forms and attaching them to the daily checkout sheets, the sheriff can provide assurance that all revenues are accounted for. We recommend the Sheriff comply with KRS 64.840 by issuing three-part receipt forms, batching them daily, and filing them as required.

*Sheriff's response: No response.*

**The Sheriff had a disallowed disbursement of \$428 from the Drug Fund.** The Sheriff had a disbursement from the Drug Fund that did not fall within the criteria for allowable disbursements. KRS 218A.420(4)(a) requires these funds to be used for “direct law enforcement purposes.” The Lyon County Sheriff had a disbursement of \$428 from the Drug Fund for calendar year 2014 in which the items purchased bore the Sheriff’s name. In addition, Kentucky’s highest court, in the case of Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), holds 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. The purchased items bearing the Sheriff’s name, specifically rulers, are personal in nature, and thus are not allowable disbursements.

We recommend that the Lyon County Sheriff reimburse the Drug Fund account in the amount of \$428 from his personal funds to cover this disallowed disbursement from the Drug Fund.

*Sheriff's response: No response.*

**Prior year disallowed disbursements of \$787 have not been reimbursed to the Drug Fund.** According to the calendar year 2013 fee audit, the Sheriff had \$787 of disallowed disbursements from the Drug Fund for items purchased bearing the Sheriff’s name. These disbursements should have been reimbursed to the Drug Fund from the Sheriff’s personal funds. This finding was not included in the prior year’s audit report since it was a new immaterial noncompliance finding, but was discussed during the calendar year 2013 exit conference. During our follow-up of prior year audit findings, we found that the Sheriff failed to reimburse the Drug Fund because he disagreed with the finding. As a result, \$787 is due the Drug Fund. Kentucky’s highest court, in the case of Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), holds 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 that the Lyon County Sheriff reimburse the Drug Fund account in the amount of \$787 from his personal funds to cover the disallowed disbursements for calendar year 2013.

*Sheriff's response: No response.*

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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