



Auditor of Public Accounts  
Mike Harmon

FOR IMMEDIATE RELEASE

Contact: Michael Goins  
[Michael.Goins@ky.gov](mailto:Michael.Goins@ky.gov)  
502.564.5841  
502.209.2867

### Harmon Releases Audit of Clark County Sheriff's Fee Account

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2018 financial statement of Clark County Sheriff Berl Perdue, Jr. 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 Clark 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 the internal control over financial operations and reporting.

The audit contains the following comment:

**The sheriff paid unallowable interest on bank notes for operating disbursements from the fee account:** The Clark County Sheriff had to borrow \$20,000 to operate his office during the year. As a result, \$456 of interest and fees were incurred and paid from the fee account.

Although the sheriff participated in the State Advancement Program, additional funds were needed for unexpected payroll expenses due to retirements. Expending funds on unallowable items results in fewer funds to spend on necessary expenses.

In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky’s highest court ruled that county fee officials’ expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. The Funk v. Milliken case states, “[a] fee officer obligates himself to run the office with the fees that he takes in. If there is a slack period during which the current fees are not enough to meet the current expenses, it is the officer’s personal obligation to keep the office running. If he is required to borrow money, the interest is his own, personal expense, and not an official expense.”

We recommend the sheriff reimburse the 2018 fee account \$456 from his personal funds for the disallowed disbursement. Furthermore, if the sheriff needs additional funds after participation in the state advancement program, we recommend the sheriff either have fiscal court pay invoices or contribute funds to his office.

*Sheriff’s Response: The sheriff will reimburse his office for the interest paid on a loan to operate his office. The reason for the loan to operate was the result of an unanticipated employee retirement which resulted in an unanticipated payment for accrued sick/vacation time which was not budgeted. I really do not agree with this finding as we had received our maximum amount from the State Advancement Program and had been advised in prior years by a different auditor that if we’d received the maximum SAP loan and needed to take a bank loan that interest could be paid from our fee account. This will not occur again in the future. I would appreciate more consistency in advice from the auditor’s office and all auditors be on the same page. Interest has been repaid to our office, this date, August 2, 2019.*

Auditor’s Reply: Audit documentation indicates that the sheriff was informed during the exit conference of his 2016 fee audit that interest on operating loans is not an allowable expenditure of the office.

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](#).

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*

