



KENTUCKY ASSOCIATION OF COUNTIES

380 King's Daughters Drive, Frankfort, Kentucky 40601
502-223-7667 • 800-264-5226 • Fax 502-223-1502 • www.kaco.org

"Working For You In Ways You Never Imagined"

Open Letter to KACo Members And Other Key Constituents

As many of you are well aware, the Lexington Herald-Leader has taken an interest in the spending practices of KACo. As a result of their interest, and the stories that have appeared in the paper, KACo has received considerable publicity surrounding its business practices. I wanted to take time to update you about this matter and to assure you that positive steps are being taken to assure that your needs and interests are well served.

As president of the KACo board, I believe it is the board's responsibility to lead the organization and its staff. To that end, I will be taking the lead in working closely with the staff and the Executive Committee in determining the course corrections that need to be made in order to maintain the good name and integrity of KACo.

As public officials and leaders of public agencies, you know how important it is to have the confidence of the public. For that reason, the Executive Committee has unanimously agreed that we will cooperate fully with the State Auditor who intends to initiate an audit of KACo. While there remains some question as to the legal authority of the State Auditor to audit a nonprofit association, it is the belief of the Executive Committee that such an audit could be instructive, and further serve as a resource for future planning.

While the audit is underway, the leadership of KACo, including the Executive Committee, will undertake additional measures, on an interim basis, that will bring about greater accountability and transparency through appropriate checks and balances. A new travel policy approved by the Board in March is already in place.

In the near future, the board and the leadership of KACo will convene to develop a long-range or strategic plan. As a part of this planning process, all of our members will have the opportunity to provide guidance through surveys and focus groups. At the conclusion of the planning process, and after receiving the report from the State Auditor, the board will then undertake the work of aligning our vision for the future with appropriate business policies and procedures to ensure that we are not only providing the best programs and services needed by our members, but also in a manner that will be above reproach.

I intend to establish an ad hoc committee of county officials with a background or interest in accounting and financial management to help the Board of Directors in

PRESIDENT

J. Michael Foster, Christian Co. Attorney

2nd VICE-PRESIDENT

Chris Harris, Pike Co. Magistrate

PRESIDENT-ELECT

Rick Smith, Clark Co. Magistrate

IMMEDIATE PAST PRESIDENT

David Jenkins, Spencer Co. Judge/Executive

1st VICE-PRESIDENT

R. W. Gilbert, Lincoln Co. Judge/Executive

EXECUTIVE DIRECTOR/CEO

Bob Arnold

Open Letter to KACo Members

July 13, 2009

Page 2 of 2

adopting additional guidelines for financial management. It is also my desire to appoint a permanent standing committee to provide continuing oversight to the KACo operations at the appropriate time.

Again, let me assure you that the KACo board and leadership understands the challenges and the gravity of our current situation and will take steps to resolve all of the pertinent issues. We also understand and appreciate the commitment and hard work of our staff and previous leaders who have made KACo a nationally acclaimed organization providing extensive services at the lowest possible costs to our members. Many of us feel a sense of loyalty to this organization that has served our counties and political subdivisions so well for these many years.

This organization has met the challenges of the past and will do so, again, as we go forward. Please remember that these challenges also represent a great opportunity to make a great organization even better.

Thank you for your support and commitment to KACo.

Sincerely,



J. Michael Foster

Christian County Attorney

President of Kentucky Association of Counties

JMF:cs