

**REPORT OF THE AUDIT OF THE  
CASEY COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2022**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

Independent Auditor's Report

The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

**Report on the Audit of the Financial Statement**

**Opinions**

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Casey County, Kentucky, for the year ended December 31, 2022, and the related notes to the financial statement.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Casey County Sheriff for the year ended December 31, 2022, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

*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 section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Casey County Sheriff, as of December 31, 2022, or changes in financial position or cash flows thereof for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Casey County Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

### **Basis for Opinion (Continued)**

#### *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 Casey 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 and budget laws, 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 and pervasive.

### **Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Casey County Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Casey County Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024, on our consideration of the Casey 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Casey 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 findings:

- 2022-001 The Casey County Sheriff's Controls Over Disbursements Did Not Operate Effectively
- 2022-002 The Casey County Sheriff Does Not Have Proper Internal Controls Over Forfeiture Accounts

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

April 11, 2024

CASEY COUNTY  
 CHAD WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2022

Receipts

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	\$	21,213
State Fees For Services:		
Finance and Administration Cabinet	\$	90,324
Sheriff Security Service		96,949
Circuit Court Clerk:		
Fines and Fees Collected		12,199
Fiscal Court		167,768
County Clerk - Delinquent Taxes		9,065
Commission On Taxes Collected		260,674
Fees Collected For Services:		
Auto Inspections		3,940
Accident and Police Reports		1,070
Serving Papers		16,892
Carry Concealed Deadly Weapon Permits		26,017
Other:		
Add-On Fees		18,981
Miscellaneous		7,216
School Resource Officer		87,682
Interest Earned		219
Borrowed Money:		
State Advancement		100,000
Total Receipts		781,786

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



CASEY COUNTY  
 CHAD WEDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2022  
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Gross Salaries	\$ 160,368
Part Time Gross Salaries	82,653
Other Gross Salaries	75,024
Overtime Gross Salaries	15,801
KLEFPF	17,177
KLEFPF Overtime	1,452
School Resource Officer (SRO)	36,624
Part Time Deputy	11,080
Narcotics Officer	8,687

Employee Benefits-

Employer's Share Retirement (KLEFPF)	5,613
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Contracted Services-

Advertising	335
Vehicle Maintenance and Repairs	20,414

Materials and Supplies-

Office Materials and Supplies	1,285
Uniforms	7,581

Auto Expense-

Gasoline	49,940
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Other Charges-

Conventions and Travel	1,324
Dues	538
Postage	5,685
Bond	204
Utilities	2,945
Miscellaneous	5,836
Cell Phone	9,064
Computer Maintenance Fees	7,698
Officer Equipment	2,902

\$ 530,230

Debt Service:

State Advancement	<u>100,000</u>
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Total Disbursements

\$ 630,230

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

CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2022  
(Continued)

Net Receipts	\$ 151,556
Less: Statutory Maximum	<u>98,255</u>
Excess Fees	53,301
Less: Training Incentive Benefit	<u>4,679</u>
Excess Fees Due County for 2022	48,622
Payment to Fiscal Court - March 2, 2023	<u>48,622</u>
Balance Due Fiscal Court at Completion of Audit	<u>\$ 0</u>

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

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2022

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 pay to the governing body of the county any fees, commissions, and other income of his or her office, including income from investments, which exceed the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants by March 15 of each year. KRS 64.830 requires an outgoing sheriff to make a final settlement 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 is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis 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) as of December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2022 services
- Reimbursements for 2022 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2022

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).

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022  
(Continued)

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

The sheriff's office has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Kentucky Public Pensions Authority (KPPA). 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.

The sheriff's contribution for calendar year 2020 was \$6,922, calendar year 2021 was \$5,313, and calendar year 2022 was \$5,613.

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 CERS 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 covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute 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 CERS Board of Directors 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 26.95 percent for the first six months and 26.79 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 Kentucky Retirement System insurance fund.

CASEY COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2022  
 (Continued)

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

Hazardous (Continued)

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.

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 44.33 percent for the first six months and 49.59 percent for the last six months.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS 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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022  
(Continued)

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

Benefits are covered under KRS 78.5536.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they 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 by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, earn fifteen 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 by 1.5 percent. 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 was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Kentucky Retirement Systems benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

CASEY COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2022  
 (Continued)

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

Other Post-Employment Benefits (OPEB) (Continued)

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

Kentucky Retirement System Annual Financial Report and Proportionate Share Audit Report

Kentucky Retirement System 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.

Kentucky Retirement System also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 3. Deposits

The Casey County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected 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. These requirements were met.

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 Casey County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of December 31, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022  
(Continued)

Note 4. Drug Enforcement Account

Under the terms mandated by the Commonwealth of Kentucky, the Casey County Sheriff received proceeds from the confiscation, surrender or sale of real or personal property involved in drug related convictions. These funds are used exclusively for operating disbursements incurred by law enforcement against drug related activities and are not included in excess fees. On January 1, 2022, the account had a balance of \$83,898. During calendar year 2022, the sheriff had receipts totaling \$6,253 and disbursements totaling \$18,604, leaving a balance of \$71,547 as of December 31, 2022.

Note 5. Forfeiture Asset Account

The Casey County Sheriff's office had an account for the deposit of funds forfeited as a result of court cases. Disbursements from this account are restricted in accordance with court orders related to each individual case. On January 1, 2022, the account had a balance of \$9,501. During calendar year 2022, the sheriff had receipts totaling \$23,098 and disbursements totaling \$12,890, leaving a balance of \$19,709 as of December 31, 2022.

Note 6. Federal Forfeiture Property Account

The Casey County Sheriff had an account which is for receiving forfeited federal drug money. These funds are used to purchase law enforcement equipment, for training expenses, and for drug education programs. On January 1, 2022, the account had a balance of \$14,997. During calendar year 2022, the sheriff had receipts totaling \$42 and disbursements totaling \$2,899, leaving a balance of \$12,140 as of December 31, 2022.

Note 7. Donation Account

The Casey County Sheriff's office maintains an interest bearing donation account to account for private and public donations to the sheriff's office. On January 1, 2022, the account had a balance of \$1,705. During calendar year 2022, the sheriff had receipts totaling \$5 in interest and no disbursements, leaving a balance of \$1,710 as of December 31, 2022.

Note 8. Active Investigation Account

The Casey County Sheriff's office maintains a non-interest bearing account to hold funds seized during the course of law enforcement duties. The funds are held in trust until an appropriate judicial body adjudicates on their proper disposal. Upon adjudication, funds may be returned, or forfeited and disbursed, as directed by order of the court. On January 1, 2022, the account had a balance of \$14,225. During calendar year 2022, the sheriff's office had receipts totaling \$3,931 and disbursements totaling \$3,483, leaving a balance of \$14,673 as of December 31, 2022.

Note 9. Vehicle Account

The Casey County Sheriff's office maintains an interest bearing bank account to hold and disburse insurance claim proceeds as the result of totaling a sheriff's cruiser. On January 1, 2022, the account had a balance of \$25,317. During calendar year 2022, the sheriff had receipts totaling \$35 in interest and disbursements totaling \$23,167, leaving a balance of \$2,185 as of December 31, 2022.



CASEY COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2022  
 (Continued)

Note 10. Short-term Debt

A. Direct Borrowing and Direct Placements

1. The Casey County Sheriff's office received a state advancement in the amount of \$100,000. The balance of the state advancement was paid in full as of December 31, 2022.

B. Changes in Short-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Direct Borrowings and Direct Placements	<u>\$</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$</u>
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 0</u>

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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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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable Randy Dial, Casey County Judge/Executive  
The Honorable Chad Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

We have audited, 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 Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Casey County Sheriff for the year ended December 31, 2022, and the related notes to the financial statement and have issued our report thereon dated April 11, 2024. The Casey 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.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Casey County Sheriff's internal control over financial reporting (internal control) as a basis for designing 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 Casey County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Casey County Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-001 to be a material weakness.



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*  
(Continued)

**Report on Internal Control over Financial Reporting (Continued)**

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-002 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Casey 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 financial statement. 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 item 2022-001.

**Views of Responsible Official and Planned Corrective Action**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Casey County Sheriff's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Casey County Sheriff's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

**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,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

April 11, 2024

## SCHEDULE OF FINDINGS AND RESPONSES

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CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2022

FINANCIAL STATEMENT FINDINGS:

2022-001 The Casey County Sheriff's Controls Over Disbursements Did Not Operate Effectively

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The Casey County Sheriff's controls over disbursements did not operate effectively. The following deficiencies were noted during disbursement testing:

- Eight of 24 disbursements tested were not paid within 30 days of the invoice date.
- Two of 24 disbursements tested were paid via pre-authorized payment directly from the sheriff's bank accounts instead of by check.
- One disbursement was paid from an estimate received from the vendor and no invoice was maintained for this disbursement. Further, the payee on the check prepared by the sheriff's office did not agree to the payee on the estimate used to pay this disbursement.
- One disbursement check was dated up to 25 days before the date of the two invoices paid with this check.
- The sheriff spent more than \$30,000 on gasoline during the calendar year but did not advertise for bids on gasoline.

These exceptions were able to occur due to the combination of inadequate segregation of duties and a lack of management oversight over disbursement procedures. These deficiencies could result in inaccurate reporting and misappropriation of assets. By not maintaining invoices for all purchases and paying purchases via pre-authorized payments directly from the bank account, the sheriff or reviewer is not able to verify disbursements are for allowable expenses. In addition, failure to pay disbursements on time could result in the payment of late fees and interest by the sheriff. By not advertising for bids for gasoline purchases, the sheriff is not in compliance with procurement laws or the county's administrative code. Further, the sheriff may not have received the best value for the products provided.

Good internal controls dictate the sheriff should monitor disbursements to ensure compliance with state laws and regulations so that payments are timely to avoid penalties and interest charges. Further, good internal controls dictate the sheriff should maintain invoices for all expenditures and should not pay disbursements from estimates received from vendors.

Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. DLG procedures per the manual requires disbursements by check only.

KRS 65.140(2), states, in part, "[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice[.]"

KRS 424.260(1) states, in part, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; (b) Supplies; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids."

CASEY COUNTY  
 CHAD WEDDLE, SHERIFF  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Year Ended December 31, 2022  
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-001 The Casey County Sheriff's Controls Over Disbursements Did Not Operate Effectively (Continued)

In addition, according to the Casey County Administrative Code Section 8.2(C) "Any expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) shall be subject to competitive bidding."

We recommend the sheriff strengthen internal controls over disbursements to ensure compliance with applicable statutes and the uniform system of accounts. Further, we recommend the sheriff monitor disbursements to ensure procurement procedures are followed properly for all purchases in the future.

*Sheriff's Response: The Sheriff's office will correct this issue.*

2022-002 The Casey County Sheriff Does Not Have Proper Internal Controls Over Forfeiture Accounts

The sheriff's office maintains a drug forfeiture account (named "Drug Enforcement Account"), which was designated to be used for law enforcement purposes pursuant to KRS 218A.420. The funds received in the account are based upon court ordered forfeitures. During a review of the account, it was noted that court ordered restitution and miscellaneous receipts were being deposited into this forfeiture account. Also, receipts are not being deposited timely into this account. The following deficiencies were noted during audit testing of the Drug Enforcement Account:

- 28 payments of court ordered restitution, totaling \$1,921, were deposited into the Drug Enforcement Account but should have been deposited to the sheriff's Fee Account instead.
- \$340 from the sale of a handgun that was purchased with funds from the Drug Enforcement Account in a prior year were deposited to the account in calendar year 2022; however, no supporting documentation was maintained for the purchase or sale of this firearm.

The sheriff's office also maintained a second drug forfeiture account (named "Forfeiture Account") which was also used to deposit funds under court order to be used for law enforcement purposes pursuant to KRS 218A.420. Receipts in this account from court ordered forfeitures should have been deposited to the Drug Enforcement Account. The following deficiencies were noted during audit testing of the Forfeiture Account:

- Auction proceeds totaling \$2,415 from court ordered forfeitures pursuant to KRS 500.090(1)(b)(2) were deposited in the Forfeiture Account; however, the sheriff did not maintain the court order or other documentation for the items forfeited.
- Auction proceeds totaling \$292 from the sale of items left in evidence and small equipment of the sheriff's office were deposited to the Forfeiture Account; however, the proceeds should have been deposited to the sheriff's Fee Account. These items could not be traced back to any particular case and were disposed of pursuant to KRS 67.594.
- \$3,680 in auction proceeds from the sale of a Chevrolet Tahoe used by the sheriff's office was deposited to the Forfeiture Account. The vehicle was titled to the Casey County Fiscal Court and was sold at auction without the approval of fiscal court.
- The sheriff received a donation of \$10,600 to be used to replace outdated equipment. This donation was deposited to the Forfeiture Account instead of the sheriff's Donation Account. The sheriff expended \$9,146 to replace deputies' laptops, leaving a remaining donation balance of \$1,454 in his Forfeiture Account.

CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Casey County Sheriff Does Not Have Proper Internal Controls Over Forfeiture Accounts  
(Continued)

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Per the sheriff's office, the majority of the payments deposited to both the Drug Enforcement Account and Forfeiture Account are from court orders that date back to the previous sheriff's administration and prior circuit court judges' administrations. Per the sheriff's bookkeeper, the sheriff had a verbal agreement with the county judge/executive to sell the Chevrolet Tahoe and other surplus items at public auction and keep the proceeds.

Lack of strong internal controls over receipts and disbursements risks an improper accounting of funds. With good internal controls the sheriff can maintain proper supporting documentation for all receipts and disbursements.

KRS 532.033 states, in pertinent part, "[w]hen a judge orders restitution, the judge shall: (1) Order the restitution to be paid to a specific person or organization through the circuit clerk, who shall disburse the moneys as ordered by the court[.]" Alternatively, KRS 532.032(5) provides that "[r]estitution payments ordered under this section shall be paid by the defendant to the clerk or a court-authorized program run by the county attorney or the Commonwealth's attorney of the county." There appears to be nothing in either of these statutes, or in any other statutes of which auditors are aware, that authorizes court-ordered restitution payments to be paid to a sheriff's office through a court-authorized program run by the county sheriff's office. Restitution payments, according to these two statutes, must be ordered to be paid either through the circuit clerk's office or through a court-authorized program run by either the county attorney or the Commonwealth's Attorney.

KRS 500.090(b) states, in pertinent part, "[p]roperty...upon order of the trial court, be sold at public auction...The balance shall be paid to: (2) The county, if the property was seized by the sheriff or an agency or peace officer of the county."

KRS 67.594(4) states, in pertinent part, "[a]ll property that remains in the custody of the property custodian without any lawful claimant thereto...may be sold at public auction...The proceeds of such sale shall be paid into the fiscal court to the credit of the agency which has custody of the property."

The Casey County Administration Code, Section 8.9 Disposition of County Surplus Property establishes guidelines for the disposal of surplus property owned by the county. These guidelines dictate that when the county judge determines the county retains surplus property and it is in the best interest of the county to dispose of said property, the county judge must make a written statement to the fiscal court detailing the real or personal property, its intended use at the time of acquisition, the reasons why it is in the public interest to dispose of it, and the method of disposition to be used.

KRS 61.310(8)(a) states, in pertinent part, "[a] sheriff may accept a donation of money or goods to be used for the public purposes of his office or her office if the sheriff establishes a register for recording all donations...The register shall constitute a public record, be subject to the provisions of KRS 61.870 to 61.884 and be made available to the public for inspection in the sheriff's office during regular business hours."

CASEY COUNTY  
CHAD WEDDLE, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2022  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Casey County Sheriff Does Not Have Proper Internal Controls Over Forfeiture Accounts  
(Continued)

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We recommend the sheriff's office strengthen the internal controls over the receipts and disbursements related to the drug forfeiture accounts. This would include, but not be limited to, combining similar accounts, renaming accounts to more accurately reflect the funds deposited, and maintaining court orders for funds deposited to the accounts. We recommend that all monies received and not specifically ordered to be deposited into the drug forfeiture fund be deposited to the correct account. Further, we recommend the sheriff remit the remaining donation balance of \$1,454 from the forfeiture account to the donation account and follow donation policies established by state statutes.

*Sheriff's Response: The Sheriff's office will communicate with district and circuit court judges to ensure the wording is correct of the forfeiture orders of which account it needs to be put into.*