

**REPORT OF THE AUDIT OF THE  
DAVISS COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2023**



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

Independent Auditor's Report

The Honorable Charlie Castlen, Daviess County Judge/Executive  
The Honorable Bradley Youngman, Daviess County Sheriff  
Members of the Daviess County Fiscal Court

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying Statement of Receipts and Disbursements - Regulatory Basis of the Sheriff of Daviess County, Kentucky, and the Statement of Receipts, Disbursements, and Fund Balances of the Sheriff's Operating Fund and County Fund with the State Treasurer - Regulatory Basis for the year ended December 31, 2023, and the related notes to the financial statements.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements present fairly, in all material respects, the receipts and disbursements of the Daviess County Sheriff and the receipts, disbursements, and fund balances of the Daviess County Sheriff's operating fund and county fund with the state treasurer for the year ended December 31, 2023, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws 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 Opinions on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Daviess County Sheriff, as of December 31, 2023, 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* (GAS), 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 Daviess 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 Charlie Castlen, Daviess County Judge/Executive  
The Honorable Bradley Youngman, Daviess County Sheriff  
Members of the Daviess 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 statements, the financial statements are prepared by the Daviess 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 statements 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 Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Daviess County Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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 statements, 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 statements.
- 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 Daviess 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 statements.

The Honorable Charlie Castlen, Daviess County Judge/Executive  
The Honorable Bradley Youngman, Daviess County Sheriff  
Members of the Daviess County Fiscal Court

**Auditor’s Responsibilities for the Audit of the Financial Statement (Continued)**

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Daviess 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024, on our consideration of the Daviess 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Daviess 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 finding:

2023-001 The Daviess County Sheriff’s Office Does Not Have Adequate Internal Controls Over Procurement Of Vehicles

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

June 13, 2024

DAVIESS COUNTY  
BRADLEY YOUNGMAN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2023

Receipts

Federal:			
Highway Safety Grants		\$	27,341
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			188,781
State Fees for Services:			
State Fee Claim - Monthly Claims	\$	28,149	
Sheriff Security Service		43,394	
State Fee Claim - Bailiff's		374,147	
Prisoner Transport		<u>39,158</u>	484,848
Circuit Court Clerk:			
Fines/Fees Collected			138,726
Fiscal Court			3,808,560
County Clerk - Delinquent Taxes			56,807
Commission on Taxes			2,090,657
Fees Collected for Services:			
Auto Inspections		49,721	
Accident /Police Reports		14,083	
Serving Papers		30,353	
Carry Concealed Deadly Weapon Permits		32,695	
Serving Papers - Fiscal Court		<u>5,790</u>	132,642
Other:			
Add-On Fees		144,263	
TSA - Airport Security		2,440	
Contract Overtime		36,237	
County Attorney/Traffic School		4,228	
Reimbursed Expenses		36,601	
Sheriff Fees/Election Board		<u>11,475</u>	235,244
Interest Earned			<u>12,179</u>
Total Receipts			7,175,785

The accompanying notes are an integral part of the financial statements.



DAVIESS COUNTY  
 BRADLEY YOUNGMAN, SHERIFF  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS  
 For The Year Ended December 31, 2023  
 (Continued)

Disbursements

Payments to County:

Fees Collected - Fiscal Court	<u>\$ 5,790</u>	
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Total Disbursements		<u>\$ 5,790</u>
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Net Receipts		7,169,995
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Payments to State Treasurer:

75% Operating Fund *	6,691,343	
25% County Fund	<u>478,652</u>	<u>7,169,995</u>

Balance Due at Completion of Audit		<u><u>\$ 0</u></u>
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\* Includes reimbursed expenses in the amount of \$36,601 for the audit period.  
 See Note 1 of Notes to Financial Statements.

DAVIESS COUNTY  
BRADLEY YOUNGMAN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2023

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2023	\$	\$	\$
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	6,691,343		6,691,343
Fees Paid to State - County Funds (25%)		478,652	478,652
Total Funds Available	6,691,343	478,652	7,169,995
<u>Disbursements</u>			
Daviess County Fiscal Court		138,658	138,658
Personal Services-			
Official's Statutory Maximum	123,275		123,275
Official's Training Incentive	1,246		1,246
Deputies' Salaries	3,049,969		3,049,969
Overtime Gross	195,549		195,549
Employee Benefits-			
Employer's Share Social Security	245,267		245,267
Employer's Share Retirement	1,128,255		1,128,255
Employer's Share Health Insurance	418,051		418,051
Employer's Share Life Insurance	514		514
Workers' Compensation	101,580		101,580
Unemployment Insurance	1,274		1,274
Contracted Services-			
Maintenance Agreements	13,358		13,358
Technical Programming Support	17,869		17,869
Supplies and Materials-			
Office Supplies	7,306		7,306
Uniforms/Equipment	113,226		113,226

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
 BRADLEY YOUNGMAN, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2023  
 (Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<u>Disbursements (Continued)</u>			
Other Charges-			
K-9 Expenses	\$ 3,983	\$	\$ 3,983
Dues	1,575		1,575
Miscellaneous	15,069		15,069
Supplies	11,873		11,873
Telephone/Fax/Cellular	8,456		8,456
Training	41,987		41,987
Prisoner Transport	33,724		33,724
Tax Costs	4,964		4,964
Auto Expenses-			
Gasoline	167,312		167,312
Maintenance and Repairs	58,941		58,941
Capital Outlay-			
Grant Equipment	3,550		3,550
Equipment	66,747		66,747
Office Equipment	27,373		27,373
Vehicles	279,924		279,924
	<u>          </u>	<u>          </u>	<u>          </u>
Total Disbursements	<u>6,142,217</u>	<u>138,658</u>	<u>6,280,875</u>
Fund Balance - December 31, 2023	<u>\$ 549,126</u>	<u>\$ 339,994</u>	<u>\$ 889,120</u>

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 due from the sheriff as determined by the audit. 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.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the state treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in the sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

Also, some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

The financial statements have 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:

- Interest receivable
- Collection on accounts due from others for 2023 services
- Reimbursements for 2023 activities
- Payments due other governmental entities for December tax and fee collections
- Payroll expenditures incurred but not paid
- Payments due vendors for goods or services provided in 2023

The measurement focus of a fee official's financial statements is upon current financial resources.

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).

DAVIESS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023  
(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 Board of Trustees of 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 2021 was \$886,955, calendar year 2022 was \$1,033,942, and calendar year 2023 was \$1,128,256.

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 26.79 percent for the first six months and 23.34 percent for the last six months.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the Kentucky Retirement System insurance fund.

DAVISS COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023  
 (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 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 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 7.5 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 49.59 percent for the first six months and 43.69 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.

DAVISS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023  
(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, 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, they 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.

DAVIESS COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023  
 (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 Systems Annual Financial Report and Proportionate Share Audit Report

Kentucky Retirement Systems 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 Systems 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 Daviess 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 Daviess 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, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.



DAVIESS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023  
(Continued)

Note 4. Deferred Compensation

All eligible employees of the Daviess County Sheriff's office may participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax shelter supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plan is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing to the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, Kentucky, 40601, or by telephone at (502) 573-7925.

Note 5. Federal Highway Safety Grants

- A. The Daviess County Sheriff's office received a FY 2023 Highway Safety Grant passed through from the Kentucky Transportation Cabinet's Office of Highway Safety in the amount of \$32,000. The main purpose of the grant is to reduce fatalities on Kentucky roadways, minimize injuries to individuals and property, and to educate the public in ways to do this. The Daviess County Sheriff's office was reimbursed \$20,245 from this grant for calendar year 2023.
- B. The Daviess County Sheriff's office received a FY 2024 Highway Safety Grant passed through from the Kentucky Transportation Cabinet's Office of Highway Safety in the amount of \$20,000. The main purpose of the grant is to reduce fatalities on Kentucky roadways, minimize injuries to individuals and property, and to educate the public in ways to do this. The Daviess County Sheriff's office was reimbursed \$7,096 from this grant for calendar year 2023.

Note 6. Special Investigation Account

The Daviess County Sheriff maintained a special investigation account for monies received from court ordered forfeitures in connection with drug related arrests. The account had a beginning balance of \$43,557 with receipts of \$20,570 and \$50,114 of disbursements for calendar year 2023. The account balance was \$14,013 as of December 31, 2023.

Note 7. Kentucky Law Enforcement Foundation Program Fund

The Daviess County Sheriff's office participates in the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). The program is administered by the Kentucky Justice and Public Safety Cabinet and is designed to provide adequate training to the sheriff's deputies. During calendar year 2023, the Daviess County Sheriff's office received \$188,781 from this program.

DAVISS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023  
(Continued)

Note 8. Fiduciary Accounts – Trust Accounts

The Daviess County Sheriff's office is periodically required by the Daviess County Judicial System to act as the Public Administrator of decedents' estates until these estates can be settled. Additionally, the Daviess County Sheriff's office is periodically required by the Daviess County Judicial System to act as the Public Administrator for minor beneficiaries until they reached the appropriate age to receive benefits. The Daviess County Sheriff's office maintains the following custodial accounts:

1. Roberts Estate

The account had a beginning balance of \$7,194 with receipts of \$1,827 and \$728 of disbursements for calendar year 2023. The account balance was \$8,293 as of December 31, 2023.

2. Kiniman Estate

The account had a beginning balance of \$1,098 and there were no receipts or disbursements for calendar year 2023. The account balance was \$1,098 as of December 31, 2023.

3. Bruner Estate

The account had a beginning balance of \$39,710 and there were no receipts or disbursements for calendar year 2023. The account balance was \$39,710 as of December 31, 2023.

4. Gaither Beneficiary

The account had a beginning balance of \$9,778 with receipts of \$2 and there were no disbursements for calendar year 2023. The account balance was \$9,780 as of December 31, 2023.

5. White Beneficiary

The account had a beginning balance of \$33,912 with receipts of \$34 and there were no disbursements for calendar year 2023. The account balance was \$33,946 as of December 31, 2023.

6. Matthews Estate

The account had a beginning balance of \$1,099 with receipts of \$77 and \$26 of disbursements for calendar year 2023. The account balance was \$1,150 as of December 31, 2023.

7. York Estate

The account had a beginning balance of \$1 and there were no receipts or disbursements for calendar year 2023. The account balance was \$1 as of December 31, 2023.

8. Pytlick Estate

The account had a beginning balance of \$2,352 with receipts of \$476 and there were no disbursements for calendar year 2023. The account balance was \$2,828 as of December 31, 2023.

DAVIESS COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023  
(Continued)

Note 8. Fiduciary Accounts – Trust Accounts (Continued)

9. Welch Beneficiary

The account had a beginning balance of \$994 with receipts of \$8,204 and there were no disbursements for calendar year December 31, 2023. The account balance was \$9,198 as of December 31, 2023.

10. Glass Beneficiary

The account had a beginning balance of \$17,490 with receipts of \$2 and there were no disbursements for calendar year 2023. The account balance was \$17,492 as of December 31, 2023.

11. Wilson Estate

The account was opened in October 2023 with receipts of \$46,696 and there were no disbursements for calendar year 2023. The account balance was \$46,696 as of December 31, 2023.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS 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  
Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Charlie Castlen, Daviess County Judge/Executive  
The Honorable Bradley Youngman, Daviess County Sheriff  
Members of the Daviess 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 and Disbursements - Regulatory Basis of the Sheriff of Daviess County, Kentucky, the Statement of Receipts, Disbursements, and Fund Balances of the Sheriff's Operating Fund and County Fund with the State Treasurer - Regulatory Basis for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2024. The Daviess County Sheriff's financial statements are 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 statements, we considered the Daviess 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Daviess County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Daviess 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.

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 statements 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 2023-001 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  
Statements Performed In Accordance With *Government Auditing Standards*  
(Continued)

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Daviess County Sheriff's financial statements are 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Daviess County Sheriff's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Daviess County Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements 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

June 13, 2024



## SCHEDULE OF FINDINGS AND RESPONSES

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DAVIESS COUNTY  
BRADLEY YOUNGMAN, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2023

FINANCIAL STATEMENT FINDING:

2023-001 The Daviess County Sheriff's Office Does Not Have Adequate Internal Controls Over Procurement Of Vehicles

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The Daviess County Sheriff lacks adequate internal controls over the procurement of vehicles. Rather than procuring vehicles by soliciting bids per KRS 424.260, the sheriff opted to procure four vehicles totaling \$279,924 using the state pricing contract during calendar year 2023. However, the sheriff failed to obtain quotes from a minimum of three dealers who have Master Agreements with the Finance and Administration Cabinet. According to staff, quotes were not obtained from the minimum number of vendors due to personnel changes within the sheriff's office. Furthermore, staff were unaware of the Finance and Administration Cabinet's new policies and procedures regarding the state pricing contract. Because the sheriff chose to opt out of the bidding process per KRS 424.260 and failed to obtain quotes from at least three dealers when procuring vehicles at the state contract price, the sheriff is not in compliance with procurement policies established by the Finance and Administration Cabinet. Additionally, it is possible that the sheriff may not have received the best value for services or products provided.

When purchasing vehicles, a county or fee official should advertise for bids in accordance with KRS 424.260. KRS 424.260(1) states, "[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, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment, or (d) Contractual services other than professional; involving an expenditure of more than forty thousand dollars (\$40,000) without first making newspaper advertisement for bids[.]" However, if the county has adopted purchasing policies in which the bid threshold is more restrictive than the bid threshold alluded to in KRS 424.260, then the county or fee official should adhere to the county's policies. Chapter 3, Section 6 of Daviess County's Administrative Code states, "[i]n accordance with KRS 424.260, expenditures of twenty thousand dollars (\$20,000) or more for materials, supplies, equipment or for contractual services other than professional, require advertisement for bids." On the other hand, per KRS 45A.050(3), a county or fee official can opt out of the bidding process altogether and procure vehicles at the state contract price using the Finance and Administration Cabinet's Master Agreements. KRS 45A.055 states, "the secretary of the Finance and Administration Cabinet shall publish the initial state purchasing regulations in accordance with current Finance and Administration Cabinet policies and procedures." The Finance and Administration Cabinet has developed an updated Vehicle Purchasing Requirements that took effect as of February 1, 2023. As part of the requirement of using these Master Agreements, a county or fee official would be responsible for obtaining a quote from a minimum of three of these dealers.

We recommend the sheriff implement internal controls for vehicle purchases and comply with Daviess County's Administrative Code by advertising for bids when the purchase price of a vehicle exceeds \$20,000. If the sheriff chooses to opt out of the bidding process by purchasing vehicles at the state contract price, we recommend that the sheriff comply with the Finance and Administration Cabinet's policies by obtaining quotes with a minimum of three dealers who have Master Agreements with the Finance and Administration Cabinet.

*Sheriff's Response: Guidelines changed for bidding vehicles under state contract in February 2023. Our office was not aware of the updated guidelines until after the vehicles were purchased. In the current year, our office is in compliance with the procurement requirements.*