

**REPORT OF THE AUDIT OF THE
FAYETTE COUNTY
SHERIFF**

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



**ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

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 Fayette 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, 2022, 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 Fayette County Sheriff and the receipts, disbursements, and fund balances of the Fayette County Sheriff's operating fund and county fund with the state treasurer 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 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 Fayette 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 Fayette 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 Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

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 Fayette 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.

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 Fayette 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fayette 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 Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Fayette 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 Fayette County Sheriff's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, KY

March 21, 2024

FAYETTE COUNTY
KATHY WITT, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2022

Receipts

Federal:

Victims Of Crime Act Grant (VOCA)	\$	139,550	
Violence Against Women Act Grant (VAWA)		147,708	

State Grants	135,938
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State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	217,182
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State Fees for Services:

Waiting on Court	\$ 670,989	
Arrest Fees	890	
Prisoner Transport - KCPC	1,179	
Return of Fugitive	24,836	697,894

Circuit Court Clerk:

E-File Service of Fayette County	202,920	
E-File Out of Fayette County	19,730	
Criminal and Traffic Warrants	12,923	235,573

County Clerk - Delinquent Taxes	232,019
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Commission on Taxes

Commission on Property Tax	4,414,303	
Commission on School Tax	4,147,389	
Commission of LFUCG	350,000	
E-PAD Tax Collection	1,016	
Hold Harmless Fund	59,111	8,971,819

Fees Collected for Services:

Auto Inspections	82,601	
Clerk Inspections	49,610	
Serving Papers Civil Summons	43,020	
Serving Papers Child Support	5,940	
CCDW	33,578	214,749

Other:

Add-On Fees	443,200	
NSF Fees	1,095	
CCDW Photo	2,807	
Copies of E-Files	6,726	
Jury Meal	4,418	
Miscellaneous Reimbursements	224,788	683,034

Interest Earned	20,576
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Total Receipts	11,696,042
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The accompanying notes are an integral part of the financial statements.

FAYETTE COUNTY
 KATHY WITT, SHERIFF
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
 For The Year Ended December 31, 2022
 (Continued)

Disbursements

Payments to State:		
Juror Expenses	\$	5,927
Total Disbursements		<u>\$ 5,927</u>
Net Receipts		11,690,115
Payments to State Treasurer:		
75% Operating Fund *		10,362,304
25% County Fund		<u>1,327,811</u>
		<u>11,690,115</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

* Includes reimbursed expenses in the amount of \$6,378,871 for the audit period.
 See Note 1 of Notes to Financial Statements.

FAYETTE COUNTY
KATHY WITT, 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, 2022

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2022	\$ 2,166,509	\$	\$ 2,166,509
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	10,362,304		10,362,304
Fees Paid to State - County Funds (25%)		1,327,811	1,327,811
Total Funds Available	<u>12,528,813</u>	<u>1,327,811</u>	<u>13,856,624</u>
<u>Disbursements</u>			
Lexington Fayette Urban County Government		1,327,811	1,327,811
Personal Services-			
Official's Statutory Maximum	133,346		133,346
Official's Training Incentive	4,679		4,679
Deputies' Salaries	4,863,130		4,863,130
Overtime Gross	299,291		299,291
Employee Benefits-			
Employer's Share Social Security	404,501		404,501
Employer's Share Retirement	1,900,218		1,900,218
Employer's Share Health Insurance	958,385		958,385
Employer's Share Life Insurance	9,367		9,367
Employer's Share Dental Insurance	73,968		73,968
Workers' Compensation	98,873		98,873
Contracted Services-			
Consulting	11,302		11,302
Supplies and Materials-			
Office Supplies	1,244		1,244
Uniforms/Equipment	51,289		51,289
Office Expense - COVID-19	2,051		2,051
Office Expense	104,701		104,701

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

FAYETTE COUNTY
 KATHY WITT, 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, 2022
 (Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
	_____	_____	_____
<u>Disbursements (Continued)</u>			
Other Charges-			
Dues	\$ 11,762	\$	\$ 11,762
Insurance	512,711		512,711
Postage	139,657		139,657
Telephone/Fax/Cellular	35,473		35,473
Training	10,653		10,653
Equipment Maintenance & Repairs	281,619		281,619
Audit	10,469		10,469
Tower Rental	60,540		60,540
Recruiting	2,949		2,949
Rent	125,260		125,260
Investigating Mgt	42,895		42,895
Utilities	7,170		7,170
Parking	88,970		88,970
K-9 Vet Expenses	1,417		1,417
Waste Management	9,358		9,358
Wellness Program	14,920		14,920
Internet	8,136		8,136
ARPA grant - Lock Change Program	160		160
VOCA Ride Share Credit	10,178		10,178
VOCA Lock Change	8,422		8,422
VOCA Art Therapy for Victims	1,800		1,800
VOCA Consultant	25,330		25,330
VAWA Office	3,942		3,942
VAWA GPS Monitoring	3,273		3,273
Security Systems	19,975		19,975
Auto Expenses-			
Gasoline	162,468		162,468
Vehicle Equipment	16,809		16,809
Maintenance and Repairs	84,724		84,724
K-9 Vehicle Maintenance	487		487

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

FAYETTE COUNTY
 KATHY WITT, 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, 2022
 (Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Disbursements (Continued)</u>			
Capital Outlay-			
Body Armor	\$ 66,743	\$	\$ 66,743
Ballistic Shields	44,969		44,969
Radio Equipment	4,838		4,838
Computer Purchase	47,653		47,653
Printer and Scanner	32,000		32,000
Vehicle Equipment	138,853		138,853
Cellular Phone Equipment	5,801		5,801
Vehicle Purchase	868,937		868,937
Property Evidence	1,026		1,026
Locker	4,654		4,654
Ice Machine	7,727		7,727
Taser	<u>255,750</u>		<u>255,750</u>
Total Disbursements	<u>12,096,823</u>	<u>1,327,811</u>	<u>13,424,634</u>
Fund Balance - December 31, 2022 *	<u>\$ 431,990</u>	<u>\$ 0</u>	<u>\$ 431,990</u>

* Excess fees in the amount of \$431,990 were paid on May 3, 2023, to the fiscal court.

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

FAYETTE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

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 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 2022 services
- Reimbursements for 2022 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 2022

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).

FAYETTE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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 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 2020 was \$1,516,283, calendar year 2021 was \$1,617,147, and calendar year 2022 was \$1,900,218.

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 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.

FAYETTE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 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 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 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:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
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.

FAYETTE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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, 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.

FAYETTE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 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 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 Fayette 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 Fayette 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.

FAYETTE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2022
 (Continued)

Note 4. Grants

A. Victims Of Crim Act Grant (VOCA)

The Fayette County Sheriff's office was awarded a Victims of Crime grant for the period October 1, 2021 through September 30, 2022. During 2022, grant funds in the amount of \$139,550 were received for the reimbursement of grant related disbursements.

B. Violence Against Women Act Grant (VAWA)

The Fayette County Sheriff's office was awarded a Violence Against Women Act grant, titled Amanda's Center for Local Resources, for the period January 1, 2022 through December 31, 2022. During 2022, grant funds in the amount of \$147,708 were received for the reimbursement of grant related disbursements.

Note 5. Lease Agreements

The Fayette County Sheriff's office was committed to the following lease agreements as of December 31, 2022:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2022
Office Rental - Turner Business Center	\$ 4,490	24 months	12/31/2022	\$ 0
Radio Tower - LM Communications	1,800	120 months	3/23/2030	154,800
Radio Tower - Crown Castle Roof Antenna - Lexington Financial Center	2,334	60 months	5/18/2025	59,992
	790	48 months	12/31/2022	0

Note 6. Other Accounts

A. Return of Fugitive Account

The sheriff maintains a separate bank account for expenses incurred during the return of fugitives. The sheriff's office incurs expenses for these trips and requests reimbursement from the state. The reimbursements are then deposited into this bank account and the expenses are paid. The beginning balance on January 1, 2022, was \$23,732. There were receipts of \$130,966 and disbursements of \$130,570 leaving a balance of \$24,128 as of December 31, 2022. Excess fees of \$24,836 was paid to the sheriff's fee account on February 17, 2023.

B. Asset Forfeiture Account

The sheriff maintains a separate bank account for monies that are seized and forfeited to the sheriff's office by court order. The beginning balance on January 1, 2022, was \$10,811. There were receipts of \$158 and \$10,969 of disbursements leaving a balance of \$0 as of December 31, 2022.

C. Sheriff Sale Account

The sheriff maintains a separate bank account for receipts and disbursements related to sheriff sale items. The sheriff oversees these sales, which are court ordered. All receipts are used to pay the plaintiff in the case, along with advertising and legal fees incurred. The beginning balance on January 1, 2022, was \$3. There were receipts of \$1,905 and disbursements of \$1,904 leaving a balance of \$4 as of December 31, 2022.

FAYETTE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022
(Continued)

Note 7. Discretionary Fund Bank Account

The Fayette County Sheriff has established a discretionary account as provided by KRS 64.345. This fund is used to cover additional expenses including extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$18,339 with receipts of \$194 and \$194 of disbursements for calendar year 2022. The account balance was \$18,339 as of December 31, 2022.

Note 8. Imprest Cash Account

The Finance & Administration – County Fee Systems Branch authorized the Fayette County Sheriff to administer an Imprest Cash Fund in the amount of \$5000. This fund is to be used for expenses, such as postage and other necessary expenses \$1,000 or less that needs to be paid in less than 10 days, except travel and payroll expenses.

Note 9. Commitments and Contingencies

The sheriff is involved in a lawsuit, which could negatively impact the financial position of the sheriff's office. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the sheriff's office cannot be made at this time.

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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 Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

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 Fayette 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2024. The Fayette 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 Fayette 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 Fayette County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fayette County Sheriff's internal control.

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 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Fayette 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 21, 2024