

**REPORT OF THE AUDIT OF THE  
WARREN COUNTY  
SHERIFF**

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



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

Independent Auditor's Report

The Honorable Doug Gorman, Warren County Judge/Executive  
The Honorable Brett Hightower, Warren County Sheriff  
Members of the Warren 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 Warren 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 Warren County Sheriff and the receipts, disbursements, and fund balances of the Warren 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 Warren 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 Warren 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 Doug Gorman, Warren County Judge/Executive  
The Honorable Brett Hightower, Warren County Sheriff  
Members of the Warren 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 Warren 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 Warren 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 Warren 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 Warren County Sheriff's ability to continue as a going concern for a reasonable period of time.

The Honorable Doug Gorman, Warren County Judge/Executive  
The Honorable Brett Hightower, Warren County Sheriff  
Members of the Warren County Fiscal Court

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

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 August 20, 2024, on our consideration of the Warren 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 Warren County Sheriff's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

August 20, 2024

WARREN COUNTY  
BRETT HIGHTOWER, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2023

Receipts

Federal Grants:

Federal Highway Safety Grants	\$	8,777	
Financial Commission for Appalachia HIDTA Grant		14,476	\$ 23,253

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			305,319
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State Fees for Services:

Finance and Administration Cabinet		761,990	
Sheriff Security Service		72,411	834,401

Circuit Court Clerk:

Fines/Fees Collected		97,981	
Court Ordered Payments		1,753	99,734

Fiscal Court			6,116,750
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County Clerk - Delinquent Taxes			93,238
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Commission on Taxes			2,944,027
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Fees Collected for Services:

Auto Inspections		92,375	
Accident /Police Reports		33,615	
Serving Papers		284,930	
Carry Concealed Deadly Weapon Permits		35,788	
Additional Fiscal Court Fees		46,570	
Miscellaneous Expense Reimbursements		232,601	
Transports		120,694	
Arrest Fees		8,821	855,394

Other:

Add-On Fees		226,984	
Miscellaneous Payroll Reimbursements		15,177	
School Resource Officer - County Schools		852,176	
School Resource Officer - City Schools		189,658	
Refunds		28	
Reimbursement For Juror Meal Expenses		1,190	1,285,213

Interest Earned			38,671
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Total Receipts			12,596,000
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The accompanying notes are an integral part of the financial statements.



WARREN COUNTY  
 BRETT HIGHTOWER, SHERIFF  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS  
 For The Year Ended December 31, 2023  
 (Continued)

Disbursements

Payments to County:

Fees Collected - Fiscal Court	\$	46,570	
KLEFPF Reimbursement		<u>9,732</u>	\$ 56,302

Other Disbursements:

Juror Expenses		1,190	
Refunds		<u>28</u>	<u>1,218</u>

Total Disbursements			<u>\$ 57,520</u>
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Net Receipts			12,538,480
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Payments to State Treasurer:

75% Operating Fund *		11,919,090	
25% County Fund		<u>619,390</u>	<u>12,538,480</u>

Balance Due at Completion of Audit			<u>\$ 0</u>
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\* Includes reimbursed expenses in the amount of \$10,060,920 for the audit period.  
 See Note 1 of Notes to Financial Statements.

WARREN COUNTY  
 BRETT HIGHTOWER, 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	\$ 0	\$ 0	\$ 0
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	11,919,090		11,919,090
Fees Paid to State - County Funds (25%)		619,390	619,390
Total Funds Available	<u>11,919,090</u>	<u>619,390</u>	<u>12,538,480</u>
<u>Disbursements</u>			
Warren County Fiscal Court		116,282	116,282
Personal Services-			
Official's Statutory Maximum	141,953		141,953
Official's Training Incentive	4,983		4,983
Deputies' Salaries	5,690,426		5,690,426
Overtime Gross	399,512		399,512
Employee Benefits-			
Employer's Share Social Security	469,984		469,984
Employer's Share Retirement	1,866,370		1,866,370
Employer's Share Health Insurance	641,832		641,832
Employer's Share Life Insurance	1,279		1,279
Workers' Compensation	295,111		295,111
Contracted Services-			
Software Licenses	46,069		46,069
Technical Programming Support	169,544		169,544
Supplies and Materials-			
Office Supplies	26,274		26,274
Uniforms/Equipment	56,426		56,426
Operating Expenses-			
Departmental	60,144		60,144
Safety Equipment	24,493		24,493

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

WARREN COUNTY  
 BRETT HIGHTOWER, 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	Totals
	<u>Fund</u>	<u>Fund</u>	
Disbursements (Continued)			
Operating Expenses (Continued)-			
Law Enforcement	\$ 58,241	\$	\$ 58,241
Radio Maintenance & Repair	2,003		2,003
Other Charges-			
Miscellaneous	1,456		1,456
Postage	41,153		41,153
Fire Arms and Ammunition	31,999		31,999
Telephone/Fax/Cellular	82,607		82,607
Training	38,365		38,365
Transport	90,162		90,162
Auto Expenses-			
Gasoline	255,519		255,519
Maintenance and Repairs	158,100		158,100
Capital Outlay-			
Equipment	<u>104,452</u>		<u>104,452</u>
Total Disbursements	<u>10,758,457</u>	<u>116,282</u>	<u>10,874,739</u>
Fund Balance - December 31, 2023	<u>\$ 1,160,633</u>	<u>\$ 503,108</u>	<u>\$ 1,663,741</u>

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

WARREN 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).

WARREN 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 \$1,472,298, calendar year 2022 was \$1,802,390, and calendar year 2023 was \$1,866,370.

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.

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

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

WARREN 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.

WARREN 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 Warren 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 Warren 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.



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

Note 4. Grants

A. Federal Highway Safety Grant

The Warren County Sheriff's office received a Highway Safety Grant passed through from the Kentucky Transportation Cabinet's Office of Highway Safety in the amount of \$12,000. The main purpose of this 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 Warren County Sheriff's office was reimbursed \$8,777 from this grant for calendar year 2023.

B. High Industry Drug Trafficking Area Program (HIDTA) Grant

The Warren County Sheriff's office received a 2023 High Intensity Drug Trafficking Area Program (HIDTA) grant from the United States Office of National Drug Control Policy, passed through the Financial Commission for Appalachia, in the amount of \$19,000. During 2023, reimbursement grant funds in the amount of \$14,476. The remaining reimbursement grant funds of \$4,524 were received in January 2024.

Note 5. Health Reimbursement Account

The Warren County Sheriff's office established a health reimbursement account on January 1, 2012, to provide employees an additional health benefit. The sheriff's office has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$4,800 to pay for qualified medical expenses for calendar year 2023. Funds remaining at the end of each year roll forward to the next year. If employees are no longer employed by the sheriff's office or decide to no longer participate in the health reimbursement account, the funds revert to the sheriff's office. The balance of the plan as of December 31, 2023, is \$248,734 which will roll over to calendar year 2024.

Note 6. Seized Funds Account

The Warren County Sheriff maintains a seized funds account with funds received as the result of court-ordered payments for drug investigations. These funds are to be used for drug enforcement and drug education. The balance was \$68,688 as of January 1, 2023. The account received \$4,947 and expended \$7,262. The ending balance at December 31, 2023, was \$66,373.

Note 7. Donation Account

The Warren County Sheriff maintained an account for the receipt of donations. These funds are to be used for the operation of the sheriff's office as established by KRS 61.310. The balance as of January 1, 2023, was \$6,548. The account received \$4,352 and expended \$431. The ending balance as of December 31, 2023, was \$10,469.

Note 8. Fiduciary Account - Seizure Account

The Warren County Sheriff maintains a seizure funds account for monies held by the sheriff's office pending court adjudication. The sheriff's office deposited cash evidence into this custodial bank account. These funds are held until a resolution in the form of a court order is received. The balance was \$54 as of January 1, 2023. The account received \$0 and expended \$0. The ending balance at December 31, 2023, was \$54.

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

Note 9. Lease Agreements

- A. The Warren County Sheriff's office was committed to into a 60 month lease agreement for the acquisition and use of a copier. The lease agreement requires a monthly payment of \$171 for 60 months to be completed on September 1, 2027. The total lease liability balance of the agreement was \$7,704 as of December 31, 2023.
- B. The Warren County Sheriff's office was committed to a 63 month lease agreement for the acquisition and use of a postage meter. The lease agreement requires a monthly payment of \$65 for 63 months to be completed on August 29, 2025. The total lease liability balance of the agreement was \$1,309 as of December 31, 2023

The Warren County Sheriff's office minimum lease payments as of December 31, 2023 were as follows::

Fiscal Year Ended June 30	Amount
2024	\$ 2,840
2025	2,578
2026	2,054
2027	1,541
Total Minimum Lease Payments	<u>\$ 9,013</u>

Note 10. Imprest Cash Account

The Finance & Administration – County Fee Systems Branch authorized the Warren County Sheriff to administer an Imprest Cash Fund in the amount of \$3,000. 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.

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 Doug Gorman, Warren County Judge/Executive  
The Honorable Brett Hightower, Warren County Sheriff  
Members of the Warren 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 Warren 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 August 20, 2024. The Warren 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 Warren 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 Warren County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Warren 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.



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 Warren 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

August 20, 2024