

**REPORT OF THE AUDIT OF THE
GRAYSON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2024**



**ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

The Honorable Kevin Henderson, Grayson County Judge/Executive
The Honorable Norman Chaffins, Grayson County Sheriff
Members of the Grayson County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Grayson County, Kentucky, for the year ended December 31, 2024, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Grayson County Sheriff for the year ended December 31, 2024, 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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Grayson County Sheriff, as of December 31, 2024, 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 Grayson 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 Kevin Henderson, Grayson County Judge/Executive
The Honorable Norman Chaffins, Grayson County Sheriff
Members of the Grayson County Fiscal Court

Basis for Opinion (Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Grayson County Sheriff on the basis of the accounting practices prescribed or permitted by the laws of Kentucky, to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Grayson 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 statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Grayson County Sheriff's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Grayson County Sheriff's ability to continue as a going concern for a reasonable period of time.

The Honorable Kevin Henderson, Grayson County Judge/Executive
The Honorable Norman Chaffins , Grayson County Sheriff
Members of the Grayson 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 November 25, 2025, on our consideration of the Grayson County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Grayson 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:

2024-001 The Grayson County Sheriff’s Office Did Not Have Adequate Internal Controls Over Procurement Of Vehicles

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, KY

November 25, 2025

GRAYSON COUNTY
 NORMAN CHAFFINS , SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2024

Receipts

Federal:

Congressionally Recommended Awards	\$ 151,000		
Fees For Services - Lake Patrol	22,587		\$ 173,587

State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			52,838
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State Fees For Services:

Finance and Administration Cabinet	155,152		
Sheriff Security Service	8,181		163,333

Circuit Court Clerk:

Fines and Fees Collected			54,125
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Fiscal Court			333,953
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County Clerk - Delinquent Taxes			21,316
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Commission On Taxes Collected			658,234
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Fees Collected For Services:

Auto Inspections	24,714		
Accident and Police Reports	840		
Serving Papers	6,310		
Carry Concealed Deadly Weapon Permits	6,340		
Carry Concealed Deadly Weapon Photos	915		
Impound Lot/Tow Bilss	1,400		40,519

Other:

Add-On Fees	63,613		
Miscellaneous	39,412		
Tow Bill Repayment	3,171		
Transporting Prisoners	3,999		
School Resource Officer	65,120		175,315

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

GRAYSON COUNTY
 NORMAN CHAFFINS , SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2024
 (Continued)

Receipts (Continued)

Interest Earned	\$ 19,633
Borrowed Money:	
State Advancement	<u>300,000</u>
Total Receipts	1,992,853

Disbursements

Refunds	65
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Operating Disbursements and Capital Outlay:

Personnel Services-	
Deputies' Salaries	\$ 532,399
KLEFPF Salaries	46,278
Baliffs' Gross Salaries	144,738
Clerks' Gross Salaries	158,353
Contracted Services-	
Advertising	140
Vehicle Maintenance and Repairs	48,321
Computer/Copier Lease and Repairs	5,434
Materials and Supplies-	
Office Materials and Supplies	25,479
Uniforms	38,787
Auto Expense-	
Gasoline	66,382
Other Charges-	
Lab Work	360
Cell Phone/Telephone	26,277
Conventions and Travel	800
Postage	15,152
Bond	4,624
Towing & Impound Lot	6,739
Miscellaneous	18,795
Contract Buyout	21,825

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

GRAYSON COUNTY
 NORMAN CHAFFINS , SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2024
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Capital Outlay-			
Office Equipment	\$	17,000	
Vehicles		<u>134,000</u>	\$ 1,311,883
Debt Service:			
State Advancement		300,000	
Bank Loan - Principle		29,802	
Bank Loan - Interest		<u>867</u>	<u>330,669</u>
Total Disbursements			<u>\$ 1,642,617</u>
Net Receipts			350,236
Less: Statutory Maximum			<u>115,825</u>
Excess Fees			234,411
Less: Training Incentive Benefit			<u>5,153</u>
Excess Fees Due County for 2024			229,258
Payment to Fiscal Court - January 13, 2025			<u>228,970</u>
Balance Due Fiscal Court at Completion of Audit*			<u><u>\$ 288</u></u>

* - The sheriff presented a check to the fiscal court for excess fees on November 25, 2025.

GRAYSON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2024

Note 1. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Authority for the regulatory basis is found in Kentucky Revised Statutes (KRS).

The Department for Local Government (DLG) is the regulatory agency responsible for establishing minimum accounting requirements for local government entities. The commissioner of the DLG is designated as the state local finance officer. (KRS 68.001). The DLG must prescribe and maintain “a uniform system of accounting and reporting on the receipt, use and handling of all public funds, other than taxes, due and payable to the state” from local government entities. (KRS 46.010(1)). The state local finance officer supervises the administration of the county uniform budget system and accounts and financial operations and must prescribe a “uniform system of accounts for all counties and county officials.” (KRS 68.210). Under this authority, the DLG requires local governments to follow guidelines set forth in its *County Budget Preparation and State Local Finance Officer Policy Manual* (Manual) to meet the minimum required reporting for financial statement purposes.

The regulatory basis is outlined in the Manual and defines the measurement, presentation, disclosure, and recognition requirements for financial transactions when preparing regulatory basis financial statements. The Manual includes the standardized format for quarterly reporting to DLG.

Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) as of December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2024 services
- Reimbursements for 2024 activities
- Payments due to other governmental entities for December tax and fee collections and payroll
- Payments due to vendors for goods or services provided in 2024

B. Measurement Focus and Excess Fees

The measurement focus of a fee official’s financial statement is upon current financial resources. A sheriff must remit to the fiscal court any income of his or her office, including the income from investments, that exceeds the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants, when making his or her annual settlement. (KRS 134.192(12)). This settlement is due to the fiscal court by March 15 of each year. (KRS 134.192(11)). An outgoing sheriff shall make a final settlement with the fiscal court by March 15 immediately following the expiration of his or her term of office. (KRS 64.830). The fiscal court shall collect any amount due from the sheriff as determined by the audit. (KRS 64.820).

C. 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.

GRAYSON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. 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).

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 has been governed by the CERS nine-member board of trustees since April 1, 2021. The Kentucky Public Pensions Authority (KPPA) was created by KRS 61.505, effective April 1, 2021, to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems. CERS 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, vesting requirements, and provisions are established by statute and are determined by participation date and hazardous or non-hazardous participation.

The county's contribution rate for nonhazardous employees for calendar year 2024 was 23.34% for the first six months and 19.71% for the last six months. The county's contribution rate for hazardous employees was 43.69 percent for the first six months and 38.61 percent for the last six months.

Other Post-Employment Benefits (OPEB)

CERS provides post-retirement health care, cost of living adjustments for all recipients of retirement benefits, and a retired member's death benefit, all determined by participation date and hazardous or non-hazardous participation.

Specific details about retiree pension and OPEB benefits can be found online at: <https://www.kyret.ky.gov/Publications>.

Kentucky Public Pension Authority's Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. Many of these annual reports are available online at <https://kyret.ky.gov>. Reports may also be obtained by writing the KPPA, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA 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.

GRAYSON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2024
(Continued)

Note 3. Deposits

The Grayson County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Manual. The 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 Grayson County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the Manual. As of December 31, 2024, all deposits were covered by a properly executed collateral security agreement.

Note 4. Federal Grant

The Grayson County Sheriff's Office received a congressionally recommended awards grant from the Department of Justice in the amount of \$151,000. Funds totaling \$151,000 were expended during the year. The unexpended grant balance was \$0 as of December 31, 2024.

Note 5. Short-term Debt

The Grayson County Sheriff's Office was committed to the following short-term debt as of December 31, 2024.

	Beginning Balance	Additions	Reductions	Ending Balance
State Advancement	\$	\$ 300,000	\$ 300,000	\$
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 0</u>

Note 6. Commitments: - Lease Agreements

The Grayson County Sheriff's Office was committed to the following lease agreements as of December 31, 2024:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance December 31, 2024
Copier	1/1/2021	60	Monthly	12/31/2025	\$ 369	\$ 4,433

GRAYSON COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2024
 (Continued)

Note 7. Long-Term Debt

A. Direct Borrowings - Promissory Note

The Grayson County Sheriff's Office was committed to a loan agreement for four vehicles. The agreement requires a yearly variable payment for four years to be completed on December 30, 2024. In the event of default, the bank has the ability to seize the collateral given of the four vehicles purchased. The note was paid off as of December 31, 2024.

B. Changes In Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowings	\$ 29,802	\$	\$ 29,802	\$
Total Long-term Debt	<u>\$ 29,802</u>	<u>\$ 0</u>	<u>\$ 29,802</u>	<u>\$ 0</u>

Note 8. Fiduciary Accounts

A. Sheriff's Evidence Holding Account

The Grayson County Sheriff deposited cash evidence into a custodial bank account. These funds are held until a resolution in the form of a court order is received. The funds are then remitted in accordance with the court order. The account had a beginning balance of \$47,280 with receipts of \$1,102 and \$4,314 of disbursements for calendar year 2024. The account balance was \$44,068 as of December 31, 2024.

B. Trust Accounts

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

Doran Newton Burgin Estate

The account had a beginning balance of \$0 with receipts of \$7,167 and \$7,167 of disbursements for calendar year 2024. The account balance was \$0 as of December 31, 2024.

Note 9. Drug Eradication Fund

The Grayson County Sheriff's Office maintains a drug eradication fund for the deposit of court ordered forfeitures and associated disbursements. The balance of the fund on January 1, 2024, was \$3,304. During 2024, receipts of the drug eradication fund totaled \$4,521 and disbursements totaled \$3,632. The ending balance was \$4,193 as of December 31, 2024, which is not subject to excess fees.

Note 10. Contingencies

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Kevin Henderson, Grayson County Judge/Executive
The Honorable Norman Chaffins, Grayson County Sheriff
Members of the Grayson County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Grayson County Sheriff for the year ended December 31, 2024, and the related notes to the financial statement and have issued our report thereon dated November 25, 2025. The Grayson County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Grayson County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Grayson County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Grayson 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 statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a material weakness.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Grayson County Sheriff's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2024-001.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, KY

November 25, 2025

SCHEDULE OF FINDINGS AND RESPONSES

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GRAYSON COUNTY
NORMAN CHAFFINS , SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2024

2024-001 The Grayson County Sheriff's Office Did Not Have Adequate Internal Controls Over Procurement Of Vehicles

The Grayson County Sheriff's Office lacks adequate internal controls over the procurement of vehicles. In September 2023, the sheriff advertised for bids to purchase three new 2023 vehicles. In June 2024, the sheriff applied for grant funding to purchase the vehicles and was awarded \$151,000 in September 2024. However, the previously obtained bids had become outdated, and the vehicles were no longer available. As a result, the sheriff requested quotes from three dealers for the purchase of new police vehicles rather than re-advertising for bids for the updated vehicles. The vehicles were purchased for \$134,000 and were equipped with police equipment for an additional \$17,000, totaling \$151,000. Additionally, two of the three quotes were obtained from vendors that were not on the approved state master agreement list, and the vehicles were ultimately purchased from a vendor that is not an authorized state contract vendor.

According to sheriff, he misinterpreted the policy, and he was under the impression that if he obtained a minimum of three quotes from any three vendors, he was following the Finance and Administration Cabinet's new policies and procedures regarding the state pricing contract. 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 the vehicles purchased.

Per KRS 45A.050(3), a county or fee official can opt out of the bidding process altogether and procure vehicles using a state price contract, as set forth in 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 issued vehicle purchasing requirements that took effect on February 1, 2023. The Finance and Administration Cabinet has master agreements with ten dealerships where the vehicles can be purchased and requires officials to obtain at least three quotes from three of the approved dealerships.

Also per KRS 424.260, officials are required to advertise for bids involving expenditures of more than \$40,000 for materials, supplies, equipment, or services

Furthermore, KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Strong internal controls require management to monitor disbursements to ensure compliance with procurement laws.

We recommend the sheriff implement internal controls over vehicle purchases and comply with procurement policies and procedures. If the sheriff chooses to opt out of the bidding process by purchasing vehicles using a state price contract, we recommend that the sheriff comply with the Finance and Administration Cabinet's policies by purchasing vehicles from a dealer who has a master agreement with the Finance and Administration Cabinet.

GRAYSON COUNTY
NORMAN CHAFFINS , SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2024

2024-001 The Grayson County Sheriff's Office Did Not Have Adequate Internal Controls Over Procurement
Of Vehicles

Sheriff's Response: I 100% disagree with this finding. We applied for a grant for new vehicles in 2023 knowing that we would not receive the money until some time in 2024. We advertised in the newspapers that we wished to purchase new vehicles. I submitted 3 estimates from potential vendors to procure the vehicles. The vendors in which we contacted were several months out in getting needed cruisers added to our fleet, except one. The vendor we chose was very close to the state contract price. We did not use the dealer with the state contract because they would not be ready in the timeframe in which we had to have them. I believe based on the our needs, that this is an unfair finding because we did what was best for our office and our county.

Auditor's Reply: The sheriff did not obtain three quotes from state approved vendors as required and ultimately ended up purchasing vehicles from a vendor who did not have an approved master agreement with the Finance and Administration Cabinet.