

**REPORT OF THE AUDIT OF THE
BULLITT COUNTY
SHERIFF**

**For The Year Ended
December 31, 2020**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Walter Sholar, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying Statement of Receipts and Disbursements - Regulatory Basis of the Sheriff of Bullitt 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, 2020, and the related notes to the financial statements.

Management's Responsibility 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Walter Sholar, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

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 Bullitt 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, 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.

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 paragraph, 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 Bullitt County Sheriff, as of December 31, 2020, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Bullitt County Sheriff and the receipts, disbursements, and fund balances of the Bullitt County Sheriff’s operating fund and county fund with the state treasurer for the year ended December 31, 2020, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of the Bullitt 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 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 entity’s internal control over financial reporting and compliance.

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

November 18, 2021

BULLITT COUNTY
WALTER SHOLAR, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2020

Receipts

Federal - Highway Safety Grant		\$ 13,229
State - Libraries And Archives Grant		9,353
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		183,266
State Fees for Services:		
Finance and Administration Cabinet	\$ 22,321	
Sheriff Security Service	164,746	
Cabinet For Health And Family Services	<u>15,177</u>	202,244
Fiscal Court:		
E911 Salaries and Benefits Reimbursement	1,152,118	
Salary Benefits Reimbursement	1,369,854	
DARE	27,951	
Fiscal Court Salary Support	1,000,000	
Transport Prisoners	40,000	
Election Commission Fees	<u>105</u>	3,590,028
County Clerk - Delinquent Taxes		73,887
Commission on Taxes		1,461,458
Commission on School Taxes Collected		1,139,853
Fees Collected for Services:		
Auto Inspections	26,740	
Accident /Police Reports	6,396	
Serving Papers	136,608	
Carry Concealed Deadly Weapon Permits	33,960	
Carry Concealed Deadly Weapon Photos	3,720	
Traffic Court	554	
Transport Prisoners	6,112	
School Resource Officer	<u>64,160</u>	278,250
Other:		
Add-On Fees	102,947	
Miscellaneous	44,026	
Tow Lot Fees	76,320	
Tow Bill Reimbursement	62,384	
Surplus Sales	<u>102,908</u>	388,585

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

BULLITT COUNTY
 WALTER SHOLAR, SHERIFF
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
 For The Year Ended December 31, 2020
 (Continued)

Receipts (Continued)

Interest Earned	\$	<u>156</u>
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Total Receipts		7,340,309
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Disbursements

Other Disbursements:

Libraries and Archives		<u>9,353</u>
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Total Disbursements		<u>9,353</u>
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Net Receipts		7,330,956
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Payments to State Treasurer:

75% Operating Fund *	\$ 6,858,674	
25% County Fund	<u>472,282</u>	<u>7,330,956</u>

Balance Due at Completion of Audit		<u>\$ 0</u>
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* Includes reimbursed expenses in the amount of \$5,411,829 for the audit period.
 See Note 1 of Notes to Financial Statements.

BULLITT COUNTY
WALTER SHOLAR, 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, 2020

	75% Operating Fund	25% County Fund	Totals
	<hr/>	<hr/>	<hr/>
Fund Balance - January 1, 2020	\$ 274,620	\$	\$ 274,620
 <u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	6,858,674		6,858,674
Fees Paid to State - County Funds (25%)		472,282	472,282
	<hr/>	<hr/>	<hr/>
Total Funds Available	7,133,294	472,282	7,605,576
 <u>Disbursements</u>			
Bullitt County Fiscal Court		472,282	472,282
Personal Services-			
Official's Statutory Maximum	107,813		107,813
Deputies' Salaries	3,194,833		3,194,833
Overtime Gross	200,263		200,263
Other Payroll	478		478
Employee Benefits-			
Employer's Share Social Security	260,862		260,862
Employer's Share Retirement	883,918		883,918
Employer's Share Health Insurance	503,924		503,924
Contracted Services-			
Hardware/Software Agreements	63,313		63,313
Contract Labor	40,289		40,289
Supplies and Materials-			
Office Supplies	22,617		22,617
Advertising	3,335		3,335
Uniforms	18,992		18,992
Patrol Equipment	39,019		39,019
Office Equipment	5,899		5,899

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

BULLITT COUNTY
WALTER SHOLAR, 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, 2020
(Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Disbursements (Continued)</u>			
Other Charges-			
Insurance and Dues	\$ 8,263	\$	\$ 8,263
Miscellaneous	9,591		9,591
Postage	23,863		23,863
Telephone/Fax/Cellular	26,564		26,564
Training and Travel	33,201		33,201
Transport	5,875		5,875
Tow Lot	87,942		87,942
Drug Task Force	21,850		21,850
Auto Expenses-			
Gasoline	102,380		102,380
Maintenance and Repairs	63,524		63,524
Capital Outlay-			
Vehicle Equipment	128,078		128,078
Vehicles	<u>277,710</u>		<u>277,710</u>
 Total Disbursements	 <u>6,134,396</u>	 <u>472,282</u>	 <u>6,606,678</u>
 Fund Balance - December 31, 2020	 <u>\$ 998,898</u>	 <u>\$ 0</u>	 <u>\$ 998,898</u>

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

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 64.350 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), at December 31:

- Interest receivable
- Collection on accounts due from others for 2020 services
- Reimbursements for 2020 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 2020

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).

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020
(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 Retirement Systems (KRS). 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 2018 was \$823,313, calendar year 2019 was \$829,519, and calendar year 2020 was \$883,918.

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 KRS 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 KRS 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 24.06 for the year.

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 KRS insurance fund.

BULLITT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2020
 (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 39.58 percent for the year.

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.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020
(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 161.714 with exception of COLA and retiree health benefits after July 2003.

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 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

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

Once members reach a minimum vesting period of 15 years, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS 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.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020
(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.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS 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.

KRS 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 Bullitt 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 Bullitt 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, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BULLITT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2020
 (Continued)

Note 4. Grants

A. Federal - Highway Safety Grant

The Bullitt County Sheriff's office was awarded a federal grant passed through from the Kentucky Transportation Cabinet's Office of Highway Safety in the amount of \$13,229. The funds are awarded to sub-grantees to reduce crashes, injuries, fatalities and associated cost by identifying transportation safety issues and developing and implementing effective integrated programs and activities.

B. State - Libraries and Archives Grant

The Bullitt County Sheriff's office was awarded a Kentucky Department for Libraries and Archives grant in the amount of \$9,353. The funds were awarded to support salary to establish a records management program.

Note 5. Lease Agreements

The Bullitt County Sheriff's office was committed to the following lease agreements as of December 31, 2020:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2020
CSI Hardware	\$ 3,540	12 Months	10/31/2021	\$ 31,860
CSI Software	2,000	60 Months	6/27/2024	84,000
CSI Software Interface	250	12 Months	9/30/2021	2,000
Pitney Bowes - Postage Meter	79	60 Months	7/10/2025	4,255
Total	<u>\$ 5,869</u>			<u>\$ 122,115</u>

Note 6. Imprest Cash Account

The Finance & Administration – County Fee Systems Branch authorized the Bullitt County Sheriff to administer an Imprest Cash Fund in the amount of \$2,000. This fund is to be used for expenses, such as postage and other necessary expenses \$1,000.00 or less that needs to be paid in less than a 10 day turn around except travel and payroll expenses.

Note 7. DARE Account

The sheriff's office maintains an account for the deposit of donations to be used for Drug Abuse Resistance Education (DARE) activities. The balance was \$8,017 on January 1, 2020. During the audit period, receipts totaled \$2 and disbursements were \$505. The ending balance was \$7,514 as of December 31, 2020.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020
(Continued)

Note 8. State Drug Confiscated Property Account

The sheriff's office maintains an account for the deposit and disbursement of funds received as a result of property confiscated during drug-related law enforcement activities. These funds are to be expended for law enforcement purposes. The balance on January 1, 2020, was \$206,971. During the audit period, receipts totaled \$82,932 and disbursements were \$73,687. The ending balance was \$216,216 as of December 31, 2020.

Note 9. Federal Asset Forfeiture Account

The sheriff's office maintains an account for the deposit and disbursement of funds received as a result of cash confiscated during federal drug-related law enforcement activities. The balance was \$64,667 on January 1, 2020. During the year receipts totaled \$29,337 and there were disbursements totaling \$6,574. The ending balance was \$87,430 as of December 31, 2020.

Note 10. High Intensity Drug Enforcement Unit Account (HIDE)

The sheriff's office maintains a custodial bank account for the deposit and disbursement of funds associated with the seizure of funds held until the court system issues orders on disposition of the funds. The balance was \$207,724 on January 1, 2020. Receipts totaled \$94,041 and transfers to the state drug fund totaled \$70,408. The account balance was \$231,357 as of December 31, 2020.

Note 11. Donation Account

The sheriff's office maintains an account for donations. The balance was \$752 on January 1, 2020, which represents the amount that is to be used for employee of the month awards. During the year, \$745 was received and \$568 disbursed for employee of the month awards. The account balance was \$929 as of December 31, 2020.

Note 12. Credit Card Account

The sheriff's office maintains an account for tax, fee, and tow lot credit card payments. The balance was \$1 on January 1, 2020. During the audit period, receipts totaled \$660,307 and there were disbursements of \$560,601. The ending balance was \$99,707 as of December 31, 2020.

Note 13. Contingencies

The sheriff is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the sheriff's office financial position. 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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Walter Sholar, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts and Disbursements - Regulatory Basis of the Sheriff of Bullitt 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021. The Bullitt 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bullitt 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 Bullitt County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bullitt 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)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bullitt 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 statements. 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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

November 18, 2021