REPORT OF THE AUDIT OF THE PULASKI COUNTY SHERIFF

For The Year Ended
December 31, 2018

MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912

<u>CONTENTS</u> PAGE

INDEPENDENT AUDITOR'S REPORT 1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS 3
NOTES TO FINANCIAL STATEMENT 6
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* 15

THIS PAGE LEFT BLANK INTENTIONALLY

MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steven B. Kelley, Jr., Pulaski County Judge/Executive
The Honorable Greg Speck, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Sheriff of Pulaski County, Kentucky, for the year ended December 31, 2018, and the related notes to the financial statement.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

209 St. Clair Street
Frankfort, KY 40601-1817
Telephone 502.564.5841
Facsimile 502.564.2912
www.auditor.ky.gov

The Honorable Steven B. Kelley, Jr., Pulaski County Judge/Executive
The Honorable Greg Speck, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

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 Pulaski 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 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.

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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Pulaski County Sheriff, as of December 31, 2018, 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 statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Pulaski County Sheriff for the year ended December 31, 2018, 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 August 26, 2019, on our consideration of the Pulaski 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 Pulaski County Sheriff's internal control over financial reporting and compliance.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

August 26, 2019

PULASKI COUNTY
GREG SPECK, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2018

Receipts

Federal Grants:		
High Intensity Drug Trafficking Area (HIDTA)	$ 18,663	
Bureau of Alcohol, Tobacco, Firearms, and Explosives	668	
U.S. Forestry Contract	5,000	
U.S. Army Corps of Engineers	7,058	$ 31,389
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		172,846
State Fees For Services:		
Finance and Administration Cabinet	175,363	
Sheriff Security Service	28,115	
Cabinet For Health And Family Services	6,958	
Traffic School	2,757	213,193
Circuit Court Clerk:		
Fines and Fees Collected		8,519
Fiscal Court		1,136,996
County Clerk - Delinquent Taxes		44,221
Commission On Taxes Collected		984,744
Fees Collected For Services:		
Auto Inspections	18,700	
Accident/Police Reports	2,271	
Serving Papers	89,425	
Carry Concealed Deadly Weapon Permits	35,920	
Mental Inquest Transport	1,033	
Investigations	300	
Jury Meal Reimbursement	236	
Wrecker Reimbursement	2,765	
Restitution	386	
School Resource Officer Fee	117,880	
Adanta Fee	47,504	
Fingerprint	2,175	318,595

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

PULASKI COUNTY
GREG SPECK, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2018
(Continued)

Receipts (Continued)			
Other:			
Add-On Fees		$ 100,414	
Miscellaneous		33,835	
Tax Roll		1,500	
Auction Proceeds		17,096	
Insurance Proceeds		116,495	$ 269,340
Interest Earned			550
Borrowed Money:			
State Advancement			200,000
Total Receipts			3,380,393
Disbursements			
Operating Disbursements and Capital Outlay:			
Personnel Services-			
Deputies' Salaries	$ 1,651,902		
Part-Time Salaries	133,002		
Other Salaries	233,769		
Employee Benefits-			
Employer's Share Hazardous Duty Retirement	40,590		
Materials and Supplies-			
Office Materials and Supplies	17,470		
Uniforms	30,952		
Ammo	3,263		
Guns	15,013		
K-9 Supplies	1,424		
Auto Expense-			
Gasoline	155,752		
Maintenance and Repairs	85,436		
Other Charges-			
Advertising	1,481		
Bond	1,552		
Investigations	8,394		
Jury Meal Expense	238		
Miscellaneous	22,503		

PULASKI COUNTY
GREG SPECK, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2018
(Continued)

Disbursements (Continued)			
Operating Disbursements and Capital Outlay: (Continued)			
Other Charges- (Continued)			
Office Expense	$ 22,696		
Postage	4,712		
Rental (Tower/Storage)	2,432		
Return Fugitive Expense	449		
School Training	5,647		
Telephone	41,493		
Wrecker Expense	3,275		
Helicopter Expense			
Helicopter Insurance	5,586		
Helicopter Maintenance	4,291		
Helicopter Gasoline	1,049		
Capital Outlay-			
Deputies Equipment	47,027		
Office Equipment	33,093		
Helicopter Equipment	637		
Vehicles and Equipment	230,009		
Radios	38,959	$ 2,844,096	
Debt Service:			
State Advancement		200,000	
Total Disbursements			$ 3,044,096
Net Receipts			336,297
Less: Statutory Maximum			111,702
Excess Fees			224,595
Less: Training Incentive Benefit			4,137
Excess Fees Due County for 2018			220,458
Less: Current Year Portion of Vehicle Account Balance (Note 4)			(38,023)
Excess Fees Due County for 2018			182,435
Payments to Fiscal Court - January 7, 2019		100,000	
- March 12, 2019		82,435	182,435
Balance Due Fiscal Court at Completion of Audit			$ 0

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

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2018

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, including excess fees, due from the sheriff as determined by the audit. KRS 134.192 requires the sheriff to settle excess fees with the fiscal court at the time he files his annual settlement with the fiscal court on or before September 1 of each year. KRS 64.830 requires an outgoing sheriff to settle excess fees with the fiscal court of his county by March 15 immediately following the expiration of his term of office.

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. 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 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2018 services
- Reimbursements for 2018 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2018

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

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).

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 2016 was $34,337, calendar year 2017 was $39,676, and calendar year 2018 was $40,590.

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 19.18 percent for the first half of the year and 21.48 percent for the second half of the year.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight 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. Hazardous members contribute eight percent of their annual creditable compensation and one percent

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2018
(Continued)

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

Hazardous (Continued)

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 seven and one-half 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 31.55 percent for the first half of the year and 35.34 percent for the second half of 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.

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.

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

Other Post-Employment Benefits (OPEB) (Continued)

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.

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.

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

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 Pulaski County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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.

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 Pulaski County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Vehicle Account

The Pulaski County Sheriff's office acquired the financial responsibility of the department vehicles in July 2006 from the Pulaski County Fiscal Court. In February 2008, the fiscal court officially approved this action. This policy was amended and approved by the fiscal court on May 1, 2011. The financial responsibilities include, but are not limited to, vehicle purchases, purchase of gasoline, maintenance of vehicles, vehicle equipment, vehicle parts, labor, repair and maintenance costs, and necessary fleet operational expenses.

The sheriff's fee account is responsible for paying the sheriff's vehicle account for mileage used by the deputies. Should funds not be readily available in the fee account to pay the monthly mileage expense, the fee account shall make such payment when the funds become available. The balance of the sheriff's vehicle account can be carried forward from year to year to allow for payment of any maintenance, fuel bills, or any other vehicle responsibilities and is not required to be turned over to fiscal court as excess fees.

Note 4. Vehicle Account (Continued)

On January 1, 2018, the vehicle account had a carryover balance from the prior year of $410,572. A total of $386,196 in mileage reimbursements were transferred from the fee account into the vehicle account, which is not included as an expenditure of the fee account. Interest in the amount of $105 was earned, insurance proceeds of $116,495, and auction proceeds of $6,424 were receipted into the vehicle account. The sheriff disbursed $471,197 in gasoline, oil, vehicle maintenance, vehicle equipment, radios, and vehicle purchases from this account. The balance as of December 31, 2018, was $448,595. During the year, the vehicle account balance increased $38,023 from the prior year.

Note 5. Seized Account

The Pulaski County Sheriff's office maintains a seized account. The account is used to hold seized monies until disbursement orders are received via court order. On January 1, 2018, the seized account had a balance of $97,689. During 2018, the sheriff received $49 in interest with no disbursements therefore, leaving an ending balance of $97,738 on December 31, 2018.

Note 6. Federal Seizure Account

The Pulaski County Sheriff's office maintains a federal seizure account. This account is used to hold monies seized during federal investigations until disbursement orders are received via court order. The beginning balance of the account was $24,621 on January 1, 2018. During 2018, the sheriff received $12 in interest. The account had $16,689 of disbursements. The ending balance at December 31, 2018, was $7,944.

Note 7. Federal Forfeiture Account

The Pulaski County Sheriff's office maintains a forfeiture account, which represents the Pulaski County Sheriff's office equitable sharing in forfeited assets seized during arrests. The forfeiture account had a beginning balance of $98,708 on January 1, 2018. During 2018, the sheriff's office received $6,697 and expended $14,963, leaving an ending balance of $90,442 on December 31, 2018.

Note 8. Donation Account

The Pulaski County Sheriff's office maintains a donation account to account for private and public donations to the sheriff's office. On January 1, 2018, the balance was $5,994. During 2018, the sheriff's office received $702 and disbursed $5,673. The balance in the account was $1,023 as of December 31, 2018.

Note 9. Federal Grants

A. The Pulaski County Sheriff's office was awarded a grant from the Appalachia High Intensity Drug Trafficking Area (HIDTA) for the period of January 1, 2018 through December 31, 2018. During calendar year 2018, grant funds in the amount of $18,663 were received.

B. The Pulaski County Sheriff's office received a grant from the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) in the amount of $668 for the purpose of reimbursement of overtime salary incurred providing resources to assist ATF.

C. The Pulaski County Sheriff's office received a park patrol grant from the USDA Forest Service in the amount of $5,000 to patrol Daniel Boone National Forest for the period January 1, 2018 to September 30, 2018.

Note 9. Federal Grants (Continued)

D. The Pulaski County Sheriff's office received a lake patrol grant from the U.S. Army Corp of Engineers in the amount of $7,058 to patrol Lake Cumberland for the period May 15, 2018 through September 3, 2018.

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*

THIS PAGE LEFT BLANK INTENTIONALLY

The Honorable Steven B. Kelley, Jr., Pulaski County Judge/Executive
The Honorable Greg Speck, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

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

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, Disbursements, and Excess Fees - Regulatory Basis of the Pulaski County Sheriff for the year ended December 31, 2018, and the related notes to the financial statement and have issued our report thereon dated August 26, 2019. The Pulaski 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Pulaski County Sheriff's internal control over financial reporting (internal control) to determine the 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 Pulaski County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pulaski 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 statement 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.

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
WWW.AUDITOR.KY.GOV

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pulaski 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 determination of financial statement amounts. 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,

Mike Harmon
Auditor of Public Accounts

August 26, 2019