

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

**For The Year Ended
December 31, 2014**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
BULLITT COUNTY SHERIFF

For The Year Ended
December 31, 2014

The Auditor of Public Accounts has completed the Bullitt County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statements present fairly, in all material respects, the receipts, and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a 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 government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Bullitt County Sheriff had total receipts of \$4,159,982, which was a \$544,836 decrease from the prior year. Except for reimbursed expenses in the amount of \$2,988,187, which includes fiscal court contributions of \$1,483,439, the Sheriff paid 25% of receipts to the Bullitt County Fiscal Court in the amount of \$292,926. This was a decrease of \$41,778 from the prior year. In addition, 75% disbursements decreased by \$104,153.

Lease Agreements:

The Sheriff's office is committed to four lease agreements for vehicles. The outstanding balance as of December 31, 2014 was \$46,340.

Report Comment:

2014-001 The Sheriff's 75% Operating Fund Had A \$787,285 Deficit Balance At End Of Term

Deposits:

The Sheriff's deposits as of November 4, 2014 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$21,590,365

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

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ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Melanie Roberts, Bullitt County Judge/Executive
The Honorable David Greenwell, 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, 2014, 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 as described in Note 1. 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 Melanie Roberts, Bullitt County Judge/Executive
The Honorable David Greenwell, 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 Sheriff on the basis of 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 each fund of the Sheriff, as of December 31, 2014, 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 Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

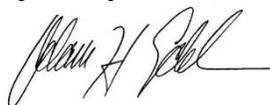
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2015 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 and 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 the Bullitt County Sheriff's 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.

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

2014-001 The Sheriff's 75% Operating Fund Had A \$787,285 Deficit Balance At End Of Term

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

November 10, 2015

BULLITT COUNTY
DAVID GREENWELL, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

Federal Grants		\$ 6,960
Federal Fees For Services		23,476
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		162,879
State Fees for Services:		
Finance and Administration Cabinet	\$ 52,457	
Sheriff Security Service	129,429	
Cabinet For Health And Family Services	<u>29,215</u>	211,101
Fiscal Court:		
Reimbursements-		
Salary Supplement and DARE Salary	269,380	
County Employee Retirement Systems	738,673	
Social Security	126,700	
Insurance	308,236	
Transport Prisoners and Process Fees	<u>40,450</u>	1,483,439
County Clerk - Delinquent Taxes		88,373
Commission on Taxes	1,028,947	
Commission on School Taxes	<u>754,671</u>	1,783,618
Fees Collected for Services:		
Auto Inspections	20,310	
Accident /Police Reports	11,915	
Serving Papers	138,520	
Carry Concealed Deadly Weapon Permits	<u>39,965</u>	210,710
Other:		
Add-On Fees	104,472	
Miscellaneous	16,682	
Workers Compensation Reimbursement	7,006	
School Resource Officer	37,739	
Transport Prisoners	3,139	
Home Incarceration Program	<u>18,008</u>	187,046
Interest Earned		<u>2,380</u>
Total Receipts		4,159,982

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

BULLITT COUNTY
 DAVID GREENWELL, SHERIFF
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
 For The Year Ended December 31, 2014
 (Continued)

Disbursements

Other Disbursements:

Bank Service Charges	\$	92	
		<u> </u>	
Total Disbursements			\$ 92
			<u> </u>
Net Receipts			4,159,890
Payments to State Treasurer:			
75% Operating Fund *		3,866,964	
25% County Fund		<u>292,926</u>	<u>4,159,890</u>
Balance Due at Completion of Audit			<u>\$ 0</u>

* Includes reimbursed expenses in the amount of \$2,988,187 for the audit period.
 See Note 1 of Notes to Financial Statements.

BULLITT COUNTY
 DAVID GREENWELL, 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, 2014

	75% Operating Fund	25% County Fund	Totals
Fund Balance - . January 1, 2014	\$ (460,153)	\$	\$ (460,153)
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	3,866,964		3,866,964
Fees Paid to State - County Funds (25%)		292,926	292,926
Total Funds Available	3,406,811	292,926	3,699,737
<u>Disbursements</u>			
Bullitt County Fiscal Court		292,926	292,926
Personal Services-			
Official's Statutory Maximum	105,596		105,596
Official's Training Incentive	3,910		3,910
Deputies' Salaries	2,335,833		2,335,833
Employee Benefits-			
Employer's Share Social Security	172,082		172,082
Employer's Share Retirement	716,904		716,904
Employer's Share Health Insurance	415,395		415,395
Contracted Services-			
Advertising	506		506
Supplies and Materials-			
Office Supplies	16,216		16,216
Uniforms/Equipment	9,465		9,465
Other Charges-			
Dues	1,096		1,096
Postage	10,973		10,973
Sequestered Jurors	261		261
Telephone	30,791		30,791
Transport Prisoners	7,089		7,089
School/Training Expenses	12,411		12,411
Miscellaneous	1,431		1,431

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

BULLITT COUNTY
 DAVID GREENWELL, 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, 2014
 (Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Disbursements (Continued)</u>			
Auto Expenses-			
Gasoline	\$ 220,477	\$	\$ 220,477
Maintenance and Repairs	56,132		56,132
Capital Outlay-			
Computer Hardware	64,860		64,860
Vehicles	<u>12,668</u>		<u>12,668</u>
Total Disbursements	<u>4,194,096</u>	<u>292,926</u>	<u>4,487,022</u>
Fund Balance - December 31, 2014	<u>\$ (787,285)</u>	<u>\$ 0</u>	<u>\$ (787,285)</u>

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

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is 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.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014
- Payroll disbursements incurred but not paid

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, 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

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. 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.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

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% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 35.70 percent for the first six months and 34.31 percent for the last six months.

The Sheriff's contribution for calendar year 2012 was \$773,423, calendar year 2013 was \$737,935, and calendar year 2014 was \$716,904.

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 (members 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.

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.

BULLITT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014
 (Continued)

Note 2. Employee Retirement System (Continued)

CERS also 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.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen 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, such 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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. 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.

Note 3. Deposits

The Bullitt 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(4), 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.

BULLITT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014
 (Continued)

Note 3. Deposits (Continued)

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 KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 4, 2014, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$21,590,365

Note 4. Lease Agreements

The Sheriff's Office was committed to the following lease agreements as of December 31, 2014:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2014
Computer Hardware	\$ 3,155	36 Month	11/1/2015	\$ 32,090
Computer Software	2,000	12 Months	6/27/2015	12,000
Computer Software	250	12 Months	10/1/2015	2,250
Total				<u>\$ 46,340</u>

Note 5. 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 on January 1, 2014 was \$812. During 2014 receipts totaled \$1,860 and disbursements were \$1,244. The balance on December 31, 2014 was \$1,428.

Note 6. 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, 2014 was \$3,987. During 2014 receipts totaled \$108,562 and disbursements were \$47,184. The balance on December 31, 2014 was \$65,365.

Note 7. Credit Card Account

The Sheriff's Office maintains an account for tax and fee credit card payments to the Sheriff's Office. The balance on January 1, 2014 was \$0. During 2014 receipts totaled \$189,189 and disbursements were \$188,994. The balance on December 31, 2014 was \$195.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 8. Federal Drug Money 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 on January 1, 2014 was \$16,394. During 2014 receipts totaled \$51,817 and disbursements were \$44,074. The balance on December 31, 2014 was \$24,137.

Note 9. Federal Grant

The Sheriff's Office was awarded a Highway Safety Grant in the amount of \$12,500 for the contract period October 1, 2013 through September 30, 2014. The grant agreement requires the funds to be used to cover costs associated with personnel services and equipment in dealing with highway safety issues. The Sheriff's office was reimbursed \$6,960 during the calendar year.

Note 10. Home Incarceration Prisoner Account

The Sheriff's Office maintains an account for the deposit and disbursement of funds associated with the Home Incarceration Prisoner (HIP) program. The Sheriff collects fees from prisoners in the program and disburses the fees collected to a vendor for equipment and monitoring services, the Fiscal Court, County Attorney, and the Sheriff's fee account. The balance on January 1, 2014 was \$2,122. During 2014 receipts totaled \$31,987 and disbursements were \$34,109. The balance on the HIP account as of December 31, 2014 was \$0. This account was closed as of December 31, 2014.

Note 11. HYDE Unit Account

The Sheriff's Office maintains an account for the deposit and disbursement of funds associated with the seizure of funds and is held until the court system issues orders on what to do with the funds. The balance on January 1, 2014 was \$0. During 2014 receipts totaled \$53,753 and disbursements were \$934. The balance on December 31, 2014 was \$52,819.

Note 12. Explorer Account

The Sheriff's Office maintains an account to run an explorer post. The balance on January 1, 2014 was \$926. During 2014 receipts totaled \$8,469 and disbursements were \$6,851. The balance on December 31, 2014 was \$2,544.

Note 13. 75% Operating Fund - Deficit Balance

The Bullitt County Sheriff's 75% operating fund had a deficit balance of \$787,285 as of December 31, 2014. KRS 64.345(4) states, "If seventy-five percent (75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his/her office for that month, the deficit may be made up out of the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his/her term." The 75% operating fund has to be settled at the end of the Sheriff's term, which ended December 31, 2014.

BULLITT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 14. Contingencies

The Sheriff's office is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant, in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county 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
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Melanie Roberts, Bullitt County Judge/Executive
The Honorable David Greenwell, 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 financial statements - regulatory basis of the Bullitt County Sheriff for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015. The Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

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) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying comment and recommendation as item 2014-001.

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,



Adam H. Edelen
Auditor of Public Accounts

November 10, 2015

COMMENT AND RECOMMENDATION

BULLITT COUNTY
DAVID GREENWELL, SHERIFF
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2014

STATE LAWS AND REGULATIONS:

2014-001 The Sheriff's 75% Operating Fund Had A \$787,285 Deficit Balance At End Of Term

The Sheriff's 75% operating fund had a deficit balance of \$787,285 as of December 31, 2014. KRS 64.345(4) states, "If seventy-five percent (75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his/her office for that month, the deficit may be made up out of the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his/her term." The 75% operating fund has to be settled at the end of the Sheriff's term, which ended December 31, 2014. We recommend the Sheriff work with the County to resolve the deficit at the end of the year. We also recommend that the Sheriff monitor his operating account's receipts and disbursements to ensure that no deficit occurs.

Sheriff's Response: None.

