REPORT OF THE AUDIT OF THE BULLITT COUNTY FISCAL COURT

For The Year Ended
June 30, 2024

ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Jerry Summers, Bullitt County Judge/Executive
Members of the Bullitt County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Bullitt County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Bullitt County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Bullitt County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements 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 Bullitt County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Bullitt County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Responsibilities of Management for the Financial Statement

Bullitt County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullitt County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullitt County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Bullitt County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026, on our consideration of the Bullitt County Fiscal Court'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bullitt County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Questioned Costs included herein, which discusses the following report findings:

2024-001 The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Daily Deposits And Kiosk Transactions Resulting In Undeposited Cash Receipts
2024-002 The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over Jail Commissary And Inmate Fund Receipts And Disbursements
2024-003 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required
2024-004 The Bullitt County Fiscal Court Did Not Reconcile The Payroll Revolving Account Properly

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 11, 2026

BULLITT COUNTY OFFICIALS

For The Year Ended June 30, 2024

Fiscal Court Members:

Jerry Summers	County Judge/Executive
Vera Sanders	Magistrate
Shaun Logsdon	Magistrate
Karen Johnson	Magistrate
Brian Bleemel	Magistrate

Other Elected Officials:

Tammy Baker	County Attorney
Bryan Whittaker	Jailer
Kevin Mooney	County Clerk
Paulita Keith	Circuit Court Clerk
Walt Sholar	Sheriff
Clinton Mattingly	Property Valuation Administrator
David Billings	Coroner

Appointed Personnel:

Stephanie Kenann Choate	County Treasurer
Keith Griffee	Chief Financial Officer

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BULLITT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2024

BULLITT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	**Road Fund**	**Jail Fund**
RECEIPTS			
Taxes	$ 14,533,131	$	$
Excess Fees	1,195,809		
Licenses and Permits	1,109,834		
Intergovernmental	1,438,523	2,218,725	2,642,963
Charges for Services	27,387		129,088
Miscellaneous	906,843	43,633	152,456
Interest			
Total Receipts	19,211,527	2,262,358	2,924,507
DISBURSEMENTS			
General Government	9,848,949		
Protection to Persons and Property	672,189		4,760,135
General Health and Sanitation	1,173,561		
Social Services	132,551		
Recreation and Culture	266,644		
Roads		2,992,621	
Debt Service			
Capital Projects	809		
Administration	3,672,908	621,698	1,072,144
Total Disbursements	15,767,611	3,614,319	5,832,279
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	3,443,916	(1,351,961)	(2,907,772)
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	37,194		
Transfers From Other Funds	12,916	1,336,643	2,762,479
Transfers To Other Funds	(9,079,437)		
Total Other Adjustments to Cash (Uses)	(9,029,327)	1,336,643	2,762,479
Net Change in Fund Balance	(5,585,411)	(15,318)	(145,293)
Fund Balance - Beginning (Restated)	13,757,945	25,439	219,308
Fund Balance - Ending	$ 8,172,534	$ 10,121	$ 74,015
Composition of Fund Balance			
Bank Balance	$ 8,206,733	$ 20,241	$ 148,030
Payroll Revolving Account Reconciled Balance	37,194		
Less: Outstanding Checks	(71,393)	(10,120)	(74,015)
Fund Balance - Ending	$ 8,172,534	$ 10,121	$ 74,015

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

BULLITT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	EMS Fund	Forest Fire Fund	County Clerk Storage Fund	911 Fund	Opioid Settlement Fund
$	$	$	$	$	$ 1,227,407	$
506,529		41,975			434,284	
		4,520,213	367			
28,800		308,265		129,200	25,700	465,985
				373		
535,329		4,870,453	367	129,573	1,687,391	465,985
				55,107		
2,750	34,761	6,864,794	1,728		1,823,842	
596,140						
		2,270,899			472,997	34,060
598,890	34,761	9,135,693	1,728	55,107	2,296,839	34,060
(63,561)	(34,761)	(4,265,240)	(1,361)	74,466	(609,448)	431,925
	34,639	4,174,721	1,728		769,227	
						(12,916)
	34,639	4,174,721	1,728		769,227	(12,916)
(63,561)	(122)	(90,519)	367	74,466	159,779	419,009
446,019	1,387	114,989	1,078	98,143	227,837	469,544
$ 382,458	$ 1,265	$ 24,470	$ 1,445	$ 172,609	$ 387,616	$ 888,553
$ 382,458	$ 2,530	$ 48,941	$ 1,445	$ 172,609	$ 392,498	$ 888,553
	(1,265)	(24,471)			(4,882)	
$ 382,458	$ 1,265	$ 24,470	$ 1,445	$ 172,609	$ 387,616	$ 888,553

BULLITT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Unbudgeted Funds		
	Public Properties Corporation Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	$	$	$ 15,760,538
Excess Fees			1,195,809
Licenses and Permits			1,109,834
Intergovernmental	1,302,504		8,585,503
Charges for Services			4,677,055
Miscellaneous		298,139	2,359,021
Interest			373
Total Receipts	1,302,504	298,139	33,688,133
DISBURSEMENTS			
General Government			9,904,056
Protection to Persons and Property			14,160,199
General Health and Sanitation			1,173,561
Social Services			132,551
Recreation and Culture		303,556	570,200
Roads			3,588,761
Debt Service	1,302,504		1,302,504
Capital Projects			809
Administration			8,144,706
Total Disbursements	1,302,504	303,556	38,977,347
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(5,417)	(5,289,214)
Other Adjustments to Cash (Uses)			
Payroll Revolving Account			37,194
Transfers From Other Funds			9,092,353
Transfers To Other Funds			(9,092,353)
Total Other Adjustments to Cash (Uses)			37,194
Net Change in Fund Balance		(5,417)	(5,252,020)
Fund Balance - Beginning (Restated)		140,516	15,502,205
Fund Balance - Ending	$ 0	$ 135,099	$ 10,250,185
Composition of Fund Balance			
Bank Balance	$	$ 138,405	$ 10,402,443
Plus: Deposits In Transit			37,194
Less: Outstanding Checks		(3,306)	(189,452)
Fund Balance - Ending	$ 0	$ 135,099	$ 10,250,185

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Bullitt County includes all budgeted and unbudgeted funds under the control of the Bullitt County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

<u>Budgeted Funds</u> (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Grants Fund - The primary purpose of this fund is to account for federal grant funds received and related disbursements. The primary source of receipts for this fund are federal grant funds.

Emergency Medical Services (EMS) Fund - The primary purpose of this fund is to account for emergency medical services of the county. The primary source of receipts for this fund is ambulance service fees.

Forest Fire Fund - The primary purpose of this fund is to account for funds paid to the state for forest fire protection. The primary source of receipts for this fund is state grants.

County Clerk Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the county clerk’s permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to oxycontin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

<u>Unbudgeted Funds</u>

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Bullitt County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Bullitt County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Bullitt County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county 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 FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *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 fiscal court 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 government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	General Fund	Opioid Settlement Fund	Total Transfers In
General Fund	$	$ 12,916	$ 12,916
Road Fund	1,336,643		1,336,643
Jail Fund	2,762,479		2,762,479
Federal Grants Fund	34,639		34,639
EMS Fund	4,174,721		4,174,721
Forest Fire Protection Fund	1,728		1,728
911 Fund	769,227		769,227
Total Transfers Out	$ 9,079,437	$ 12,916	$ 9,092,353

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Custodial Fund

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2024, was $414,450.

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Judicial Center

On June 28, 2007, the fiscal court entered into a financing obligation agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) for the purpose of funding cost overruns and change orders in the judicial center project and to consolidate the debt associated with the judicial center. The term of the agreement is 20 years with varying principal payments due twice a year. During the year ended June 30, 2024, $1,302,504 was paid directly to KACoLT by the Administrative Office of the Courts (AOC) for the fiscal court's principal and interest payments under the agreement. The principal outstanding as of June 30, 2024, was $3,360,100. The rate in the lease was fixed at 4.25 percent through the use of an interest rate swap between the trustee and a third-party financial institution. The trustee has the right to charge any costs associated with the interest rate swap to the fiscal court through additional future rentals. In the event of default, the bonds are secured by a foreclosable first mortgage lien on the property and an assignment by the fiscal court of its rights, title, and interest in the lease with AOC. Principal payment requirements and scheduled interest for the remaining term of the agreement, excluding any additional rentals resulting from the interest rate swap, are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 1,173,859	$ 128,646
2026	1,231,941	70,564
2027	954,300	18,332
Totals	$ 3,360,100	$ 217,542

On June 28, 2007, the fiscal court entered into a lease agreement with AOC, which states that AOC agrees to pay 100 percent of the debt service requirements. The lease does not require the fiscal court to make any rental payments toward the project; however, the fiscal court is obligated to provide operation, maintenance, insurance, and repairs of the project.

B. Interest Rate Swap

One of the fiscal court's leases (financing obligation) has been fixed through the use of interest rate swaps. The interest rate swaps are exchange agreements between the trustee and a third-party financial institution, whereby the third-party financial institution pays the trustee the variable rate interest within the swap (which is equivalent to the variable rate within the lease) and the fiscal court pays the fixed rate stated by the swap. Under the terms of the lease agreement the trustee has the right to charge costs associated with the interest rate swap to the fiscal court through additional future rentals.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Long-term Debt (Continued)

B. Interest Rate Swap (Continued)

The swap becomes effective on the date that the county exercises its option to convert the variable interest rate in the lease to a fixed rate. The notional amount of the swap at the exercise date is equivalent to the then outstanding principal balance. The notional amount reduces over the term of the lease by the same amount as the principal payments on the lease, as they become due. The swap terminates on the same date as the final principal payment is due on the respective lease.

The interest rate swap in effect as of June 30, 2024, is as follows:

	Date Effective	Termination Date	Notional Amount at June 30, 2024	Settlement Amount at June 30, 2024
Judicial Center - Refinance	June 28, 2007	March 1, 2027	$ 3,360,100	$ (40,944)

The settlement values above are calculated using the forward Libor Curve, taking a percentage of that rate to estimate future SIFMA rates and are considered by the fiscal court to represent the fair value of the interest rate swaps at June 30, 2024. The variable rate on all of the swaps is the SIFMA index (formerly known as BMA).

The swaps expose the fiscal court to the following risks that could give rise to additional rental payments:

Credit risk: Credit risk is the risk that the third-party financial institution will not fulfill its obligations to pay the variable rate interest. All third-party financial institutions party to the interest rate swaps have S&P credit quality ratings of AA2/AA-. The value of the transaction to the fiscal court depends upon the third-party financial institutions maintaining their perceived creditworthiness in the municipal marketplace and fulfilling their obligations under the interest rate swap agreements. Should the third-party financial institutions fail to fulfill their obligations, the fiscal court will be required to pay additional rentals for any costs associated with terminating the swap agreement, plus the costs of entering into an interest rate swap agreement with an alternative financial institution. Should an alternative financial institution not be available, the fiscal court would be required to make payments at the variable interest rate contained within the leases.

Basis risk: Basis risk is a term used to refer to a mismatch in the source of the variable interest rates in the lease agreement and the swap agreement. When an agency uses an interest rate swap agreement in conjunction with a variable rate debt instrument, the variable rate index used to calculate the payments due under the swap agreement (in this case, the SIFMA index) may not match the rate at which the variable rate debt is remarketed (the interest rate on KACoLT's variable rate bonds, which is reset on a daily basis). This mismatch could potentially be magnified if KACoLT were to administer the program in such a way that the underlying bonds were determined to be taxable obligations, which would be considered an event of default according to the terms of the letter of credit agreement.

Termination risk: Termination risk is the risk that a derivative's scheduled end will affect the fiscal court's asset/liability strategy or will present the fiscal court with potentially significant unscheduled termination payments to the trustee. For example, the fiscal court relies on the interest rate swaps to insulate it from possibility of increasing interest rate payments; if the swap has an unscheduled termination, that benefit would not be available. The fiscal court would also be required to pay any costs associated with terminating the swap agreement.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Long-term Debt (Continued)

B. Interest Rate Swap (Continued)

Market access risk: Market access risk is the risk that the fiscal court will not be able to enter credit markets or that credit will become more costly. If the fiscal court is required to pay additional rentals or to pay higher variable rates, the fiscal court's credit rating could suffer and additional debt could become more expensive and more difficult to sell. The fiscal court may also be required to pay additional rentals for fees relating to any letters of credit being used to collateralize the interest rate swap. Furthermore, if interest rates in the municipal bond market were to decrease and the fiscal court wanted to refinance the debt at a lower interest rate, the fiscal court would first have to terminate the swap agreement. When interest rate swap agreements are terminated prior to the contract's maturity, one party to the agreement will owe the other party a termination payment that reflects the value of the swap under current market conditions. It is likely that if the rates have decreased to the extent that the fiscal court would want to refinance the debt, the fiscal court would be the party that would have to make the termination payment. The use of the interest rate swap agreement may limit the fiscal court's flexibility in managing the lease obligations going forward.

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 4,478,600	$	$1,118,500	$ 3,360,100	$ 1,173,859
Total Long-term Debt	$ 4,478,600	$ 0	$ 1,118,500	$ 3,360,100	$ 1,173,859

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements Principal	Interest
2025	$ 1,173,859	$ 128,646
2026	1,231,941	70,564
2027	954,300	18,332
Totals	$ 3,360,100	$ 217,542

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Commitments and Contingencies

The county is involved in multiple lawsuits. 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.

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). 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. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems (Ky. Ret. Sys.). The CERS nine member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was $3,191,028, FY 2023 was $3,520,196, and FY 2024 was $3,941,689.

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust 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 5% of their annual creditable compensation. Nonhazardous members also contribute 1% 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 CERS Board of Trustees 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 4% 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 23.34%.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Employee Retirement System (Continued)

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust 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 8% of their annual creditable compensation and also contribute 1% 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 of Trustees 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% 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 43.69%.

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%

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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 $10 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 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 $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn $10 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%. 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% cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

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

Once members reach a minimum vesting period of 15 years, they earn $15 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%. Upon the death of a hazardous employee, the employee's spouse receives $10 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% COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. 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%. 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, KPPA 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.

G. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports may also be obtained online at https://kyret.ky.gov.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at https://kyret.ky.gov. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 8. Deferred Compensation

The Bullitt County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Deferred Compensation (Continued)

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 9. Flexible Spending Account

The Bullitt County Fiscal Court established a flexible spending account to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan allows employees to set aside funds through payroll deductions. Flexible savings account funds are 100 percent available as soon as the employee is eligible.

Note 10. Insurance

For the fiscal year ended June 30, 2024, the Bullitt County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Prior Period Adjustments

The beginning balance of the General, Jail, EMS, 911, and Jail Commissary funds were restated to account for prior year voided checks. The restatements are summarized below:

Fund	Prior Year Ending Balance	Restatement	Restated Beginning Balance
General Fund	$ 13,749,303	$ 8,642	$13,757,945
Jail Fund	218,802	506	219,308
EMS Fund	108,958	6,031	114,989
911 Fund	225,416	2,421	227,837
Jail Commissary Fund	137,457	3,059	140,516

Note 12. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2024, was added to the General Fund cash balance for financial reporting purposes.

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BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 14,070,000	$ 14,614,043	$ 14,533,131	$ (80,912)
Excess Fees	1,400,000	1,400,000	1,195,809	(204,191)
Licenses and Permits	1,751,200	1,751,200	1,109,834	(641,366)
Intergovernmental	748,100	1,375,572	1,438,523	62,951
Charges for Services	35,000	35,000	27,387	(7,613)
Miscellaneous	4,231,735	4,231,735	906,843	(3,324,892)
Total Receipts	22,236,035	23,407,550	19,211,527	(4,196,023)
DISBURSEMENTS				
General Government	11,073,981	11,692,837	9,848,949	1,843,888
Protection to Persons and Property	750,768	757,788	672,189	85,599
General Health and Sanitation	1,182,626	1,287,405	1,173,561	113,844
Social Services	163,500	163,500	132,551	30,949
Recreation and Culture	2,300,157	2,300,157	266,644	2,033,513
Capital Projects	1,051,500	1,051,500	809	1,050,691
Administration	10,187,139	14,577,976	3,672,908	10,905,068
Total Disbursements	26,709,671	31,831,163	15,767,611	16,063,552
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,473,636)	(8,423,613)	3,443,916	11,867,529
Other Adjustments to Cash (Uses)				
Payroll Revolving Fund			37,194	37,194
Transfers From Other Funds		12,916	12,916	
Transfers To Other Funds	(4,711,053)	(4,711,053)	(9,079,437)	(4,368,384)
Total Other Adjustments to Cash (Uses)	(4,711,053)	(4,698,137)	(9,029,327)	(4,331,190)
Net Change in Fund Balance	(9,184,689)	(13,121,750)	(5,585,411)	7,536,339
Fund Balance - Beginning (Restated)	9,184,689	13,752,526	13,757,945	5,419
Fund Balance - Ending	$ 0	$ 630,776	$ 8,172,534	$ 7,541,758

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

ROAD FUND

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	$ 1,868,890	$ 2,082,863	$ 2,218,725	$ 135,862
Miscellaneous	77,000	100,446	43,633	(56,813)
Total Receipts	1,945,890	2,183,309	2,262,358	79,049
DISBURSEMENTS				
Roads	3,748,807	4,011,665	2,992,621	1,019,044
Administration	787,000	787,000	621,698	165,302
Total Disbursements	4,535,807	4,798,665	3,614,319	1,184,346
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,589,917)	(2,615,356)	(1,351,961)	1,263,395
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,589,917	2,589,917	1,336,643	(1,253,274)
Total Other Adjustments to Cash (Uses)	2,589,917	2,589,917	1,336,643	(1,253,274)
Net Change in Fund Balance		(25,439)	(15,318)	10,121
Fund Balance - Beginning		25,439	25,439	
Fund Balance - Ending	$ 0	$ 0	$ 10,121	$ 10,121

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,158,000	$ 2,176,711	$ 2,642,963	$ 466,252
Charges for Services	138,520	152,468	129,088	(23,380)
Miscellaneous	311,000	325,817	152,456	(173,361)
Total Receipts	2,607,520	2,654,996	2,924,507	269,511
DISBURSEMENTS				
Protection to Persons and Property	4,661,070	5,111,591	4,760,135	351,456
Administration	1,294,000	1,109,757	1,072,144	37,613
Total Disbursements	5,955,070	6,221,348	5,832,279	389,069
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,347,550)	(3,566,352)	(2,907,772)	658,580
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,347,550	3,347,550	2,762,479	(585,071)
Total Other Adjustments to Cash (Uses)	3,347,550	3,347,550	2,762,479	(585,071)
Net Change in Fund Balance		(218,802)	(145,293)	73,509
Fund Balance - Beginning (Restated)		218,802	219,308	506
Fund Balance - Ending	$ 0	$ 0	$ 74,015	$ 74,015

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 560,336	$ 560,336	$ 506,529	$ (53,807)
Miscellaneous		28,800	28,800	
Total Receipts	560,336	589,136	535,329	(53,807)
DISBURSEMENTS				
Protection to Persons and Property	7,900	7,900	2,750	5,150
Roads	1,010,336	1,039,136	596,140	442,996
Total Disbursements	1,018,236	1,047,036	598,890	448,146
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(457,900)	(457,900)	(63,561)	394,339
Net Change in Fund Balance	(457,900)	(457,900)	(63,561)	394,339
Fund Balance - Beginning	457,900	457,900	446,019	(11,881)
Fund Balance - Ending	$ 0	$ 0	$ 382,458	$ 382,458

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 420,000	$ 420,000	$	$ (420,000)
Total Receipts	420,000	420,000		(420,000)
DISBURSEMENTS				
Protection to Persons and Property	420,000	446,982	34,761	412,221
Total Disbursements	420,000	446,982	34,761	412,221
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(26,982)	(34,761)	(7,779)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		25,595	34,639	9,044
Total Other Adjustments to Cash (Uses)		25,595	34,639	9,044
Net Change in Fund Balance		(1,387)	(122)	1,265
Fund Balance - Beginning		1,387	1,387	
Fund Balance - Ending	$ 0	$ 0	$ 1,265	$ 1,265

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	EMS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 10,000	$ 19,584	$ 41,975	$ 22,391
Charges for Services	4,100,000	4,100,000	4,520,213	420,213
Miscellaneous	563,400	850,901	308,265	(542,636)
Total Receipts	4,673,400	4,970,485	4,870,453	(100,032)
DISBURSEMENTS				
Protection to Persons and Property	6,028,898	6,867,461	6,864,794	2,667
Administration	2,081,650	2,270,899	2,270,899	
Total Disbursements	8,110,548	9,138,360	9,135,693	2,667
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,437,148)	(4,167,875)	(4,265,240)	(97,365)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,437,148	3,437,148	4,174,721	737,573
Total Other Adjustments to Cash (Uses)	3,437,148	3,437,148	4,174,721	737,573
Net Change in Fund Balance		(730,727)	(90,519)	640,208
Fund Balance - Beginning (Restated)		108,958	114,989	6,031
Fund Balance - Ending	$ 0	$ (621,769)	$ 24,470	$ 646,239

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	FOREST FIRE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 200	$ 200	$	$ (200)
Charges for Services	400	400	367	(33)
Total Receipts	600	600	367	(233)
DISBURSEMENTS				
Protection to Persons and Property	2,000	2,078	1,728	350
Total Disbursements	2,000	2,078	1,728	350
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,400)	(1,478)	(1,361)	117
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	400	400	1,728	1,328
Total Other Adjustments to Cash (Uses)	400	400	1,728	1,328
Net Change in Fund Balance	(1,000)	(1,078)	367	1,445
Fund Balance - Beginning	1,000	1,078	1,078	
Fund Balance - Ending	$ 0	$ 0	$ 1,445	$ 1,445

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	COUNTY CLERK STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 36,800	$ 69,730	$ 129,200	$ 59,470
Interest		132	373	241
Total Receipts	36,800	69,862	129,573	59,711
DISBURSEMENTS				
General Government	36,800	78,005	55,107	22,898
Total Disbursements	36,800	78,005	55,107	22,898
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(8,143)	74,466	82,609
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(90,000)	(90,000)		90,000
Total Other Adjustments to Cash (Uses)	(90,000)	(90,000)		90,000
Net Change in Fund Balance	(90,000)	(98,143)	74,466	172,609
Fund Balance - Beginning	90,000	98,143	98,143	
Fund Balance - Ending	$ 0	$ 0	$ 172,609	$ 172,609

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,250,000	$ 1,250,000	$ 1,227,407	$ (22,593)
Intergovernmental	470,000	470,000	434,284	(35,716)
Miscellaneous	75,000	75,000	25,700	(49,300)
Total Receipts	1,795,000	1,795,000	1,687,391	(107,609)
DISBURSEMENTS				
Protection to Persons and Property	1,794,401	1,973,398	1,823,842	149,556
Administration	458,250	513,677	472,997	40,680
Total Disbursements	2,252,651	2,487,075	2,296,839	190,236
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(457,651)	(692,075)	(609,448)	82,627
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	457,651	457,651	769,227	311,576
Total Other Adjustments to Cash (Uses)	457,651	457,651	769,227	311,576
Net Change in Fund Balance		(234,424)	159,779	394,203
Fund Balance - Beginning (Restated)		225,417	227,837	2,420
Fund Balance - Ending	$ 0	$ (9,007)	$ 387,616	$ 396,623

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 73,888	$ 73,888	$ 465,985	$ 392,097
Total Receipts	73,888	73,888	465,985	392,097
DISBURSEMENTS				
Administration	125,000	125,000	34,060	90,940
Total Disbursements	125,000	125,000	34,060	90,940
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(51,112)	(51,112)	431,925	483,037
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(887,874)	(887,874)	(12,916)	874,958
Total Other Adjustments to Cash (Uses)	(887,874)	(887,874)	(12,916)	874,958
Net Change in Fund Balance	(938,986)	(938,986)	419,009	1,357,995
Fund Balance - Beginning	938,986	938,986	469,544	(469,442)
Fund Balance - Ending	$ 0	$ 0	$ 888,553	$ 888,553

BULLITT COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

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BULLITT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

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BULLITT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
U. S. Department of the Treasury				
Direct Program				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$	$ 2,519,706
Total U.S. Department of the Treasury			$	$ 2,519,706
U. S. Department of Homeland Security				
Passed-Through Kentucky Department of Military Affairs:				
Disaster Grants - Presidentially Declared Disasters	97.036	029-99029-00	$	$ 194,431
Emergency Management Performance Grants	97.042	2000000513		72,578
Total U.S. Department of Homeland Security			$	$ 267,009
U. S. Department of Housing and Urban Development				
Passed-Through Kentucky Department for Local Government:				
Community Development Block Grants/State's Program	14.228	20-017	$	$ 525,350
Total U.S. Department of Housing and Urban Development			$	$ 525,350
Total Expenditures of Federal Awards			$ 0	$ 3,312,065

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Bullitt County, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bullitt County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bullitt County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Bullitt County has not adopted an indirect cost rate and has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

BULLITT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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BULLITT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 977,975	$ 100,000	$	$ 1,077,975
Land Improvements	215,239			215,239
Building Improvements	33,136,692	900,000		34,036,692
Machinery and Equipment	3,360,902	86,483	6,518	3,440,867
Vehicles	6,968,602	408,706	128,234	7,249,074
Infrastructure	17,822,424	1,297,087		19,119,511
Total Capital Assets	$ 62,481,834	$ 2,792,276	$ 134,752	$ 65,139,358

The capital asset schedule beginning balance decreased $8,252 due to prior year adjustments.

BULLITT COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2024

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	$ 15,000	10-40
Building Improvements	$ 30,000	10-75
Machinery and Equipment	$ 4,000	3-25
Vehicles	$ 4,000	3-12
Infrastructure	$ 20,000	10-50

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

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Allison Ball
Auditor of Public Accounts

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

Independent Auditor's Report

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

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 Changes in Fund Balances - Regulatory Basis of the Bullitt County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Bullitt County Fiscal Court's financial statement and have issued our report thereon dated June 11, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Bullitt County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bullitt County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be material weaknesses.

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Report on Internal Control Over Financial Reporting (Continued)

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. We consider the deficiency described in the accompanying *S*chedule of Findings and Questioned Costs as item 2024-004 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bullitt County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, and 2024-003.

Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Bullitt County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 11, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bullitt County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Bullitt County Fiscal Court's major federal programs for the year ended June 30, 2024. The Bullitt County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Bullitt County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Bullitt County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bullitt County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bullitt County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bullitt County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bullitt County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bullitt County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bullitt County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bullitt County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 11, 2026

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BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2024

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BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:		
• Are any material weaknesses identified?	☑ Yes	☐ No
• Are any significant deficiencies identified?	☑ Yes	☐ None Reported
Are any noncompliances material to financial statements noted?	☑ Yes	☐ No

Federal Awards

Internal control over major programs:		
• Are any material weaknesses identified?	☐ Yes	☑ No
• Are any significant deficiencies identified?	☐ Yes	☑ None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☑ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	☐ Yes	☒ No

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings

2024-001 The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Daily Deposits And Kiosk Transactions Resulting In Undeposited Cash Receipts

This is the repeat of a similar finding that was included in the prior year audit report as finding 2023-008. The jailer allowed a former bookkeeper to have complete control over the jail commissary and the jail inmate accounts. This person was employed for part of the fiscal year ending on June 30, 2024, from July 1, 2023 through September 5, 2023. The former employee was allowed to collect funds, issue receipts, post to ledgers, make deposits, prepare bank reconciliations, and maintain complete control over all bank accounts to include transferring monies between the jail commissary account and the inmate account. The following noncompliance and deficiencies were found during the audit:

- Receipts were not batched and deposited daily as required.
- Numerical receipts were not accounted for properly and copies of voided receipts were not kept with the checkout sheets.
- Daily checkout sheets were not prepared as required
- Deposits were incorrectly made to both the inmate and jail commissary bank accounts
- Kiosk machines were reconciled by the former bookkeeper with no documentation by the jailer or other designee to verify the amount of cash was properly accounted for and deposited
- Kiosk machines were not emptied or deposited daily

Additionally, the kiosk report obtained from the vendor was reviewed and ten cash withdrawals were made by the former bookkeeper for the period July 1, 2023 through September 5, 2023, totaling $34,746. These withdrawals were not deposited to either the inmate or the jail commissary bank account. On September 5, 2023, the former bookkeeper was arrested and charged with theft by unlawful taking. The former bookkeeper had $26,701 in cash on hand that was turned over to law enforcement officers.

The jailer did not have effective policies and procedures in place to ensure that established internal controls were being followed. In addition, the former bookkeeper failed to follow these established internal controls.

A lack of internal controls and segregation of duties increases the risk of misappropriation of assets, inaccurate financial reporting, errors, and fraud. As a result, the former bookkeeper was able to remove cash from the kiosk with no review to verify that the funds were deposited. Due to inadequate internal controls, suspected fraudulent activity went undetected resulting in the arrest of the former bookkeeper for theft.

KRS 46.010(2) requires, "each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

Section II: Financial Statement Findings (Continued)

2024-001 The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Daily Deposits And Kiosk Transactions Resulting In Undeposited Cash Receipts (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* (manual) which are to be used by jailers for jail commissary funds maintained pursuant to KRS441.135. This manual includes the following accounting and reporting guidance:

> DAILY CHECK-OUT SHEET - Daily deposits are required. At the end of each business day the Jailer or assigned personnel should separate individual receipts into categories listed on the check-out sheet. The total of each category should be entered on the appropriate space provided. The amount deposited line should equal the amount of money on hand at the end of each day less start-up cash. A maximum of fifty dollars shall be used for start-up for the next business day. All daily detail (deposit form, cash receipts, etc.) should be attached to the form. If the total daily deposit is correct, post to the Jail Commissary Fund Receipts Journal.
>
> JAIL COMMISSARY RECEIPTS JOURNAL - Receipts should be posted to this journal on a daily basis. The total amount category should agree with the amount deposited line on the Daily Check-Out Sheet.

We recommend the Bullitt County Jailer implement strong oversight, internal controls, supervision, and review to ensure the jail commissary and inmate monies are batched and deposited daily. Daily receipt batches should be compared to the receipts ledger. In addition, strong internal controls need to be implemented for kiosk withdrawals to ensure that cash is properly accounted for and deposited intact daily. This would require that two employees open the kiosk, and the jailer or designee to verify the deposit by initialing the deposit and daily checkout sheet. Surprise cash counts could also be performed on the kiosk receipts and withdrawals. The jailer should comply with the manual by maintaining the required records.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: The former Bookkeeper [name redacted], whose employment was terminated on September 5, 2023, did not adhere to established internal controls nor maintain adequate segregation of duties, thereby hindering smooth financial operations. Funds were concealed and mismanaged. Due to inadequate internal controls, fraudulent activity was not identified until September 2023.

After September 5th, 2023 all incoming Jail Checks, Money Orders, and HIP payments will be provided with a numbered receipt for tracking purposes. A second employee will verify the Monies, Receipt No. against the printed report and sign the deposit ticket. These transactions will be documented on the daily cash out sheet and included in the daily deposits if applicable.

Kiosk deposits are jointly handled by two employees, including. the Bookkeeper and another designated staff member. They verify the deposit against both the cash deposit ticket and the printed report for accuracy. Both employees are signing/initialing the Deposit ticket for verification.

As of March 15th, 2024, the Kiosk Machines are emptied daily by a team of two employees. Daily bank deposits are prepared by another team of two employees, and the deposit tickets are meticulously verified and signed by both employees.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-001 The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Daily Deposits And Kiosk Transactions Resulting In Undeposited Cash Receipts (Continued)

Jailer's Response (Continued): The deposit will be transported to the bank by either the Jailer or another designated employee in a locked bag. The employee transporting the deposit will not have access to its contents during transit.

The deposit ticket, stamped by the bank, along with the daily check-out sheets, daily deposit sheet, and corresponding reports with receipts, will be organized together and filed in a monthly archive.

Either the Jailer or their assigned representative will conduct a daily reconciliation of the cash out sheet, ensuring accuracy by cross-referencing it with attached receipts. Upon verification, they will initial the document.

The Jailer or their designated representative will be responsible for opening the bank statements received in the mail. They will meticulously review the statements for inaccuracies or suspicious transactions and initial/ date the Statement before handing it to the Bookkeeper. Following the monthly reconciliation performed by the Bookkeeper, they will cross-check the bank statement with the monthly reconciliation report and initial /date it for verification.

2024-002 The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over Jail Commissary And Inmate Fund Receipts And Disbursements

This is a similar finding to prior year audit report findings 2023-006, 2023-009, and 2023-010. The Bullitt County Detention Center lacked internal controls and adequate segregation of duties over all accounting functions related to the jail commissary and inmate funds. In addition to internal control deficiencies outlined in finding 2024-001, the former bookkeeper prepared all checks and posted to the disbursements ledger. The invoices were not stamped with received date or cancelled when paid. Additionally, there was no documentation that invoices, or other supporting documents, were reviewed and approved prior to the disbursement of funds; however, two signatures were required on checks.

The jailer had not implemented adequate and effective policies and procedures for internal controls to ensure proper segregation of duties. Oversight and review of disbursements by either the jailer or another employee was not documented.

A lack of internal controls and segregation of duties increases the risk of misappropriation of assets, errors, fraud, and inaccurate financial reporting. As a result, former bookkeeper's financial reporting for the jail commissary and inmate accounts for the period July 1, 2023 through September 5, 2023, was not reliable.

A lack of internal controls and segregation of duties increases the risk of misappropriation of assets, errors, fraud, and inaccurate financial reporting. As a result, former bookkeeper's financial reporting for the jail commissary account for the period July 1, 2023 through September 5, 2023 was not reliable. The former bookkeeper was charged with theft by unlawful taking and misuse of public funds.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-002 The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over Jail Commissary And Inmate Fund Receipts And Disbursements (Continued)

KRS 46.010(2) requires, “each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The DLG manual requires jailers to maintain monthly cash reconciliations, daily checkout sheets, and disbursement ledgers. Followuing DLG requirements allows jailers to ensure that records are complete and accurate.

We recommend the Bullitt County Jailer implement strong oversight, internal controls, supervision, and review to ensure that the commissary and inmate accounts are properly accounted for. We recommend the detention center segregate duties where possible. If segregation of duties is not possible, the jailer should offset the lack of adequate segregation of duties by implementing compensating controls such as:

- Requiring invoices to be stamped received and cancelled with the date paid and check number.
- Reviewing and comparing invoices to checks and documenting that review.
- Requiring a comparison of the monthly reports to the receipts and disbursements ledgers for accuracy by someone other than the preparer.
- Documenting the performance of review of bank reconciliations by someone other than the preparer.

Views of Responsible Official and Planned Corrective Action:

Jailer’s Response: The former Bookkeeper, [name redacted], and former Jailer, [name redacted], failed to implement adequate internal controls and did not properly segregate duties. The former Bookkeeper had sole access to all financial functions and used this access to conceal and mismanage funds. He failed to empty the kiosk on a daily basis, did not account for all funds received, and did not submit the required Annual Jail Commissary Report to the County Treasurer. Due to the lack of effective internal controls, fraudulent activity was not detected until September 5, 2023. The former Bookkeeper, [name redacted], did not follow any controls over disbursements and forged signatures and documents. Due to the lack of established controls, he was able to carry out the fraudulent activity without detection.

Going forward, Kiosk Machines are emptied daily by a team of two employees. Daily bank deposits are prepared by another team of two employees, and the deposit tickets are meticulously verified and signed by both employees.

The deposit will be transported to the bank by either the Jailer or another designated employee in a locked bag. The employee transporting the deposit will not have access to its contents during transit.

Moving forward, all checks will require the signatures of two individuals. The preparer will issue the check, and a second authorized signer will be responsible for comparing the check with the corresponding invoice before signing.

The second check signer will also verify that the check numbers are sequential and that no checks are missing or unaccounted for in the checkbook/register before signing.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-002 The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over Jail Commissary And Inmate Fund Receipts And Disbursements (Continued)

Jailer's Response (Continued): Orders will be authorized by the Jailer or their designated employee, and either of them will initial the invoice as authorization for payment.

The check issuing employee (Bookkeeper) is not responsible for opening the mail. Instead, all invoices will be directed to the Jailer or their designated employee for approval before payment is issued.

All invoices will undergo scrutiny for sales tax charges, and any discrepancies found will be corrected accordingly.

After verification of monthly activities by the Jailer or designated employee, invoices are organized in order of the issued check number. They are then filed together with the account statement and reconciliation sheet in a monthly archive.

Monthly, either the Jailer or a designated employee will reconcile the bank statement against the monthly reconciliation report to ensure a balanced account, with no discrepancies.

Since the appointment of the Bookkeeper in November 2023, the accounts have been reconciled monthly.

2024-003 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required

This is a repeat finding and was included in the prior year audit report as finding 2023-004. During testing, auditors noted that purchase orders were not issued for all disbursements. Purchase orders should be issued prior to expenditures to ensure encumbrances are reported properly at year end. The purchase order system utilized by the county tracks all invoices to be paid. Invoices tested had an appropriation account code indicated and were stamped with the date received. A claims list was prepared and approved by the fiscal court, and the appropriation ledger was updated on a regular basis. However, a purchase order listing was not prepared and the fiscal court therefore neglected to check if expenditures would cause the fiscal court to exceed the available line-item balance.

By not properly following the purchase order system as required, the county could exceed budgeted line items, causing the disbursement to be void or illegal.

The DLG manual states:

> **PURCHASE ORDER JOURNAL** - A daily, chronological listing of all purchase orders issued. The journal should indicate the P.O. number, issue approved by appropriation account code to where the payment will be posted, vendor name, date invoice received, amount of invoice, date claim reviewed by fiscal court, date paid, and amount paid.

The DLG guidelines state that the main purpose of this system is to ensure that purchases are only made when there are sufficient appropriations available within the applicable county budget line items. An expenditure cannot cause the fiscal court to exceed the available line item. If an available line item has an insufficient balance to cover an expenditure, the fiscal court must approve an interfund transfer before authorizing the expenditure.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-003 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required (Continued)

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim. The county treasurer shall be liable on his official bond for the amount of any county warrant willfully or negligently signed or countersigned by him in excess of the budget fund out of which the warrant is payable."

We recommend the fiscal court establish a well planned and executed purchase order system and monitor its budget to ensure the expenditure does not exceed budgeted appropriations. Claim checks should not be signed unless the following conditions exist:

- Claim reviewed by the fiscal court;
- Sufficient fund balance and adequate cash in the bank to cover the expense; and
- Adequate unencumbered balance in the proper budgeted appropriation account to cover the expense.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response:

- ***System Implementation and Modernization:*** *In 2022, the Bullitt County Fiscal Court migrated to [software name redacted], a Kentucky-based financial management software specifically tailored to state Local government compliance. This system was explicitly chosen to streamline procurement workflows, enforce internal controls, and automate the tracking and authorization of purchase orders.*

- ***Personnel Training and Process Reinforcement:*** *Following the system's deployment, management initiated comprehensive training protocols for all relevant personnel. Training focused heavily on the mandatory procedures for requesting, approving, and obtaining authorized purchase orders prior to initiating county expenditures.*

- ***Current Status and Compliance:*** *With the full integration of [software name redacted] and ongoing staff training, the internal procurement process has been successfully reinforced. The Fiscal Court is committed to maintaining full compliance with established purchase order policies moving forward.*

2024-004 The Bullitt County Fiscal Court Did Not Reconcile The Payroll Revolving Account Properly

The fiscal court failed to implement adequate internal controls over reconciliation of the payroll account. The treasurer's reconciled payroll revolving fund balance on June 30, 2024, was $170,957. However, the bank reconciliation did not include an outstanding liability for a transfer to the General Fund totaling $133,763. The transfer was made on July 3, 2024. The June 30, 2024 payroll revolving account reconciled ending balance after accounting for this outstanding liability was $37,194.

The June 30, 2024 reconciliation did not include an outstanding liability for a transfer to the General Fund for employees' withholding that is matched by the county and paid from other budgeted funds. This caused the ending balance in the payroll revolving fund to be overstated by $133,763. If payroll accounts are not properly reconciled to zero each month, it could cause the account to have a large balance that restricts monies available for use in the respective fund from which it was transferred.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section II: Financial Statement Findings (Continued)

2024-004 The Bullitt County Fiscal Court Did Not Reconcile Payroll Revolving Account Properly (Continued)

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Segregation of duties or independent review of bank reconciliations is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the Bullitt County Fiscal Court reconcile the payroll revolving account to zero, or other set amount, each month. If the payroll revolving account has excess funds, the excess amount should be transferred to the respective funds from which the funds were originally transferred. In addition, all matching and other payroll withholdings should be paid directly from the payroll revolving account. Payments to the payroll revolving account for the county's matching amount for withholdings should be paid from the appropriate budgeted fund to the payroll revolving account.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Proper balancing has been implemented. As there are times that the Payroll Account will have a balance due to a city tax that's reported quarterly or even state taxes that are reported semi-monthly. However, will document balance in the account at the end of the month going forward.

Section III: Federal Award Findings And Questioned Costs

None.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2024
(Continued)

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2023-001	The Bullitt County Fiscal Court Did Not Prepare An Accurate Fourth Quarter Report And Overspent Budgeted Amounts For Two Funds	Resolved	
2023-002	The Bullitt County Fiscal Court Lacks Proper Internal Controls Over Cash Transfers And Failed To Approve All Interfund Transfers Timely And Provide Evidence Of Fiscal Court Approval For Interfund Transfers	Resolved	
2023-003	The Bullitt County Fiscal Court Did Not Report Liability Balances On The Fourth Quarter Financial Statement	Resolved	
2023-004	The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required	Unresolved	See corrective action for current year finding 2024-003
2023-005	The Bullitt County Fiscal Court Did Not Have A Written Policy And Adequate Controls Over The Fuel FOB System	Resolved	
2023-006	The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over The Jail Commissary Fund	Unresolved	See corrective action for current year finding 2024-002
2023-007	The Bullitt County Detention Center Failed To Prepare And Submit To The County Treasurer An Annual Jail Commissary Financial Report As Required By KRS 68.210	Resolved	
2023-008	The Bullitt County Detention Center Does Not Make Daily Deposits Or Have Adequate Internal Controls In Place To Properly Account For Receipts And Kiosk Transactions	Unresolved	See corrective action for current year finding 2024-001
2023-009	The Bullitt County Detention Center Did Not Have Adequate Internal Controls And Segregation Of Duties Over The Inmate Trust Account	Unresolved	See corrective action for current year finding 2024-002
2023-010	The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Disbursements	Unresolved	See corrective action for current year finding 2024-002
2023-011	The Bullitt County Detention Center Failed To Retain Adequate Documentation For Sales Tax Returns For Sales Tax Paid And Submitted Some Payments Late During Fiscal Year 2023	Resolved	

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BULLITT COUNTY FISCAL COURT

For The Year Ended June 30, 2024

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

BULLIT COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Bullitt County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Jerry Summers
County Judge/Executive

Stephanie Kenann Choate
County Treasurer