REPORT OF THE AUDIT OF THE BULLITT COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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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 Jerral 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, 2025, 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, 2025, 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, 2025, 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.

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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.

To the People of Kentucky
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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 July 9, 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:

2025-001 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required
2025-002 The Bullitt County Fiscal Court Did Not Reconcile The Payroll Revolving Account Properly

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 9, 2026

BULLITT COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Jerral 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 - Community Economic Development Director

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

For The Year Ended June 30, 2025

BULLITT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2025

	Budgeted Funds		
	General Fund	**Road Fund**	**Jail Fund**
RECEIPTS			
Taxes	$ 15,692,586	$	$
Excess Fees	1,277,475		
Licenses and Permits	1,697,663		
Intergovernmental	1,288,738	1,959,600	2,368,937
Charges for Services	31,310		59,727
Miscellaneous	1,503,475	72,765	140,044
Interest	243,265		
Total Receipts	21,734,512	2,032,365	2,568,708
DISBURSEMENTS			
General Government	10,056,136		
Protection to Persons and Property	779,967		4,801,352
General Health and Sanitation	2,797,618		
Social Services	172,073		
Recreation and Culture	319,309		
Roads		3,208,125	
Debt Service			
Capital Projects	40,490		
Administration	3,279,006	643,865	1,288,597
Total Disbursements	17,444,599	3,851,990	6,089,949
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	4,289,913	(1,819,625)	(3,521,241)
Other Adjustments to Cash (Uses)			
Change in Payroll Revolving Account	18,602		
Transfers From Other Funds	151,951	1,826,806	3,488,333
Transfers To Other Funds	(9,952,956)		
Total Other Adjustments to Cash (Uses)	(9,782,403)	1,826,806	3,488,333
Net Change in Fund Balance	(5,492,490)	7,181	(32,908)
Fund Balance - Beginning (Restated)	8,173,681	10,121	74,055
Fund Balance - Ending	$ 2,681,191	$ 17,302	$ 41,147
Composition of Fund Balance			
Bank Balance	$ 3,883,790	$ 34,604	$ 82,294
Payroll Revolving Account Reconciled Balance	55,796		
Less: Outstanding Checks	(1,258,395)	(17,302)	(41,147)
Plus: Receivable			
Fund Balance - Ending	$ 2,681,191	$ 17,302	$ 41,147

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, 2025
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	**Federal Grants Fund**	**Emergency Medical Services Fund**	**Forest Fire Fund**	**County Clerk Storage Fund**	**911 Fund**	**Opioid Settlement Fund**
$	$	$	$	$	$ 1,267,126	$
477,432		30,658			498,039	
		4,464,628	439			
		237,719		138,000	25,700	259,824
10,109			32	2,531		27,716
487,541		4,733,005	471	140,531	1,790,865	287,540
				280,631		
3,000	199	6,592,010	1,728		1,663,892	
554,317						
		2,387,892			489,021	
557,317	199	8,979,902	1,728	280,631	2,152,913	
(69,776)	(199)	(4,246,897)	(1,257)	(140,100)	(362,048)	287,540
		4,292,734	300		313,380	31,403
						(151,951)
		4,292,734	300		313,380	(120,548)
(69,776)	(199)	45,837	(957)	(140,100)	(48,668)	166,992
382,458	1,265	26,428	1,445	172,609	387,876	888,553
$ 312,682	$ 1,066	$ 72,265	$ 488	$ 32,509	$ 339,208	$ 1,055,545
$ 312,954	$ 1,066	$ 144,530	$ 488	$ 32,509	$ 470,971	$ 1,055,545
(272)		(72,265)			(131,763)	
$ 312,682	$ 1,066	$ 72,265	$ 488	$ 32,509	$ 339,208	$ 1,055,545

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, 2025
(Continued)

	Unbudgeted Funds		
	Public Properties Corporation Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	$	$	$ 16,959,712
Excess Fees			1,277,475
Licenses and Permits			1,697,663
Intergovernmental	1,302,505		7,925,909
Charges for Services			4,556,104
Miscellaneous		408,950	2,786,477
Interest			283,653
Total Receipts	1,302,505	408,950	35,486,993
DISBURSEMENTS			
General Government			10,336,767
Protection to Persons and Property			13,842,148
General Health and Sanitation			2,797,618
Social Services			172,073
Recreation and Culture		358,922	678,231
Roads			3,762,442
Debt Service	1,302,505		1,302,505
Capital Projects			40,490
Administration			8,088,381
Total Disbursements	1,302,505	358,922	41,020,655
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		50,028	(5,533,662)
Other Adjustments to Cash (Uses)			
Change in Payroll Revolving Account			18,602
Transfers From Other Funds			10,104,907
Transfers To Other Funds			(10,104,907)
Total Other Adjustments to Cash (Uses)			18,602
Net Change in Fund Balance		50,028	(5,515,060)
Fund Balance - Beginning (Restated)		135,114	10,253,605
Fund Balance - Ending	$ 0	$ 185,142	$ 4,738,545
Composition of Fund Balance			
Bank Balance	$	$ 184,420	$ 6,203,171
Payroll Revolving Account Reconciled Balance			55,796
Less: Outstanding Checks		(4,428)	(1,525,572)
Plus: Receivable		5,150	5,150
Fund Balance - Ending	$ 0	$ 185,142	$ 4,738,545

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, 2025

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.

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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

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 is 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 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 on the receipts and disbursements of the Jail Commissary Fund.

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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, 2025
(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, 2025, 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 2025.

	General Fund	Opioid Settlement Fund	Total Transfers In
General Fund	$	$ 151,951	$ 151,951
Road Fund	1,826,806		1,826,806
Jail Fund	3,488,333		3,488,333
EMS Fund	4,292,734		4,292,734
Forest Fire Fund	300		300
E-911 Fund	313,380		313,380
Opioid Settlement Fund	31,403		31,403
Total Transfers Out	$ 9,952,956	$ 151,951	$ 10,104,907

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, 2025
(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.

The fiscal court has the following custodial fund(s):

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2025, was $438,301.

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

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, 2025, $1,302,505 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, 2025, was $2,186,241. 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
2026	$ 1,231,941	$ 70,564
2027	954,300	18,332
Totals	$ 2,186,241	$ 88,896

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 5. Long-term Debt (Continued)

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.

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, 2025, is as follows

	Date Effective	Termination Date	Notional Amount at June 30, 2025	Settlement Amount at June 30, 2025
Judicial Center - Refinance	June 28, 2007	March 1, 2027	$ 2,186,241	$ (33,702)

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 5. Long-term Debt (Continued)

B. Interest Rate Swap (Continued)

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.

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, 2025, was as follows:

	Beginning Balance	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 3,360,100	$1,173,859	$ 2,186,241	$ 1,231,941
Total Long-term Debt	$ 3,360,100	$ 1,173,859	$ 2,186,241	$ 1,231,941

D. Aggregate Debt Schedule

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

	Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest
2026	$ 1,231,941	$ 70,564
2027	954,300	18,332
Totals	$ 2,186,241	$ 88,896

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(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 2023 was $3,520,196, FY 2024 was $3,941,689, and FY 2025 was $3,748,383.

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 19.71%.

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 7. Employee Retirement System (Continued)

Hazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 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 38.61%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn $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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

Hazardous employees whose participation began on or after July 1, 2003, earn $15 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.

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, 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.

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.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

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 contribute pre-tax funds through payroll deduction. Flexible spending account funds are 100 percent available as soon as the employee is eligible.

Note 10. Insurance

For the fiscal year ended June 30, 2025, 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. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2025, was added to the General Fund cash balance for financial reporting purposes. The reconciled ending balance increased $18,602 from the prior year.

Note 12. 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	Adjustments	Restated Beginning Balance
General Fund	$ 8,172,534	$ 1,147	$ 8,173,681
Jail Fund	74,015	40	74,055
EMS Fund	24,470	1,958	26,428
911 Fund	387,616	260	387,876
Jail Commissary Fund	135,099	15	135,114

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BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 15,450,000	$ 15,625,698	$ 15,692,586	$ 66,888
Excess Fees	1,600,000	1,600,000	1,277,475	(322,525)
Licenses and Permits	1,736,245	1,736,245	1,697,663	(38,582)
Intergovernmental	1,673,100	1,825,696	1,288,738	(536,958)
Charges for Services	35,000	35,000	31,310	(3,690)
Miscellaneous	1,311,000	1,529,134	1,503,475	(25,659)
Interest	350,000	350,000	243,265	(106,735)
Total Receipts	22,155,345	22,701,773	21,734,512	(967,261)
DISBURSEMENTS				
General Government	10,308,739	10,743,008	10,056,136	686,872
Protection to Persons and Property	763,575	806,064	779,967	26,097
General Health and Sanitation	2,435,124	2,897,991	2,797,618	100,373
Social Services	158,500	192,748	172,073	20,675
Recreation and Culture	2,276,835	2,298,835	319,309	1,979,526
Capital Projects	1,301,000	1,301,000	40,490	1,260,510
Administration	7,649,620	6,116,840	3,279,006	2,837,834
Total Disbursements	24,893,393	24,356,486	17,444,599	6,911,887
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,738,048)	(1,654,713)	4,289,913	5,944,626
Other Adjustments to Cash (Uses)				
Payroll Revolving Account Balance			18,602	18,602
Transfers From Other Funds		78,485	151,951	73,466
Transfers To Other Funds	(8,077,823)	(8,077,823)	(9,952,956)	(1,875,133)
Total Other Adjustments to Cash (Uses)	(8,077,823)	(7,999,338)	(9,782,403)	(1,783,065)
Net Change in Fund Balance	(10,815,871)	(9,654,051)	(5,492,490)	4,161,561
Fund Balance - Beginning (Restated)	10,815,871	10,818,110	8,173,681	(2,644,429)
Fund Balance - Ending	$ 0	$ 1,164,059	$ 2,681,191	$ 1,517,132

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,018,380	$ 2,099,191	$ 1,959,600	$ (139,591)
Miscellaneous	97,000	117,494	72,765	(44,729)
Total Receipts	2,115,380	2,216,685	2,032,365	(184,320)
DISBURSEMENTS				
Roads	3,906,576	4,092,287	3,208,125	884,162
Administration	762,000	687,715	643,865	43,850
Total Disbursements	4,668,576	4,780,002	3,851,990	928,012
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,553,196)	(2,563,317)	(1,819,625)	743,692
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,553,196	2,553,196	1,826,806	(726,390)
Total Other Adjustments to Cash (Uses)	2,553,196	2,553,196	1,826,806	(726,390)
Net Change in Fund Balance		(10,121)	7,181	17,302
Fund Balance - Beginning		10,121	10,121	
Fund Balance - Ending	$ 0	$ 0	$ 17,302	$ 17,302

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,348,000	$ 2,373,568	$ 2,368,937	$ (4,631)
Charges for Services	91,500	99,797	59,727	(40,070)
Miscellaneous	368,000	368,126	140,044	(228,082)
Total Receipts	2,807,500	2,841,491	2,568,708	(272,783)
DISBURSEMENTS				
Protection to Persons and Property	4,830,119	4,849,940	4,801,352	48,588
Administration	1,229,000	1,317,225	1,288,597	28,628
Total Disbursements	6,059,119	6,167,165	6,089,949	77,216
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,251,619)	(3,325,674)	(3,521,241)	(195,567)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,251,619	3,251,619	3,488,333	236,714
Total Other Adjustments to Cash (Uses)	3,251,619	3,251,619	3,488,333	236,714
Net Change in Fund Balance		(74,055)	(32,908)	41,147
Fund Balance - Beginning (Restated)		74,055	74,055	
Fund Balance - Ending	$ 0	$ 0	$ 41,147	$ 41,147

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 600,000	$ 600,000	$ 477,432	$ (122,568)
Interest		6,087	10,109	4,022
Total Receipts	600,000	606,087	487,541	(118,546)
DISBURSEMENTS				
Protection to Persons and Property	7,900	7,900	3,000	4,900
Roads	952,100	980,645	554,317	426,328
Total Disbursements	960,000	988,545	557,317	431,228
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(360,000)	(382,458)	(69,776)	312,682
Net Change in Fund Balance	(360,000)	(382,458)	(69,776)	312,682
Fund Balance - Beginning	360,000	382,458	382,458	
Fund Balance - Ending	$ 0	$ 0	$ 312,682	$ 312,682

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 400,000	$ 400,000	$	$ (400,000)
Total Receipts	400,000	400,000		(400,000)
DISBURSEMENTS				
Protection to Persons and Property	400,000	401,265	199	401,066
Total Disbursements	400,000	401,265	199	401,066
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,265)	(199)	1,066
Net Change in Fund Balance		(1,265)	(199)	1,066
Fund Balance - Beginning		1,265	1,265	
Fund Balance - Ending	$ 0	$ 0	$ 1,066	$ 1,066

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	EMERGENCY MEDICAL SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 10,000	$ 25,492	$ 30,658	$ 5,166
Charges for Services	4,200,000	4,200,000	4,464,628	264,628
Miscellaneous	718,000	729,416	237,719	(491,697)
Total Receipts	4,928,000	4,954,908	4,733,005	(221,903)
DISBURSEMENTS				
Protection to Persons and Property	5,697,800	6,592,690	6,592,010	680
Administration	2,176,700	2,387,892	2,387,892	
Total Disbursements	7,874,500	8,980,582	8,979,902	680
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,946,500)	(4,025,674)	(4,246,897)	(221,223)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,946,500	3,070,510	4,292,734	1,222,224
Total Other Adjustments to Cash (Uses)	2,946,500	3,070,510	4,292,734	1,222,224
Net Change in Fund Balance		(955,164)	45,837	1,001,001
Fund Balance - Beginning (Restated)		26,428	26,428	
Fund Balance - Ending	$ 0	$ (928,736)	$ 72,265	$ 1,001,001

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	439	39
Interest		26	32	6
Total Receipts	600	626	471	(155)
DISBURSEMENTS				
Protection to Persons and Property	2,000	2,471	1,728	743
Total Disbursements	2,000	2,471	1,728	743
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,400)	(1,845)	(1,257)	588
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	400	400	300	(100)
Total Other Adjustments to Cash (Uses)	400	400	300	(100)
Net Change in Fund Balance	(1,000)	(1,445)	(957)	488
Fund Balance - Beginning	1,000	1,445	1,445	
Fund Balance - Ending	$ 0	$ 0	$ 488	$ 488

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	COUNTY CLERK STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 36,800	$ 102,040	$ 138,000	$ 35,960
Interest		2,164	2,531	367
Total Receipts	36,800	104,204	140,531	36,327
DISBURSEMENTS				
General Government	25,000	345,505	280,631	64,874
Total Disbursements	25,000	345,505	280,631	64,874
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	11,800	(241,301)	(140,100)	101,201
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(186,800)	(186,800)		186,800
Total Other Adjustments to Cash (Uses)	(186,800)	(186,800)		186,800
Net Change in Fund Balance	(175,000)	(428,101)	(140,100)	288,001
Fund Balance - Beginning	175,000	175,000	172,609	(2,391)
Fund Balance - Ending	$ 0	$ (253,101)	$ 32,509	$ 285,610

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(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	$ 1,267,126	$ 17,126
Intergovernmental	630,000	630,000	498,039	(131,961)
Miscellaneous	75,000	75,000	25,700	(49,300)
Total Receipts	1,955,000	1,955,000	1,790,865	(164,135)
DISBURSEMENTS				
Protection to Persons and Property	1,805,685	1,956,185	1,663,892	292,293
Administration	528,257	765,633	489,021	276,612
Total Disbursements	2,333,942	2,721,818	2,152,913	568,905
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(378,942)	(766,818)	(362,048)	404,770
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	378,942	378,942	313,380	(65,562)
Total Other Adjustments to Cash (Uses)	378,942	378,942	313,380	(65,562)
Net Change in Fund Balance		(387,876)	(48,668)	339,208
Fund Balance - Beginning (Restated)		387,876	387,876	
Fund Balance - Ending	$ 0	$ 0	$ 339,208	$ 339,208

BULLITT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 92,482	$ 204,232	$ 259,824	$ 55,592
Interest		19,055	27,716	8,661
Total Receipts	92,482	223,287	287,540	64,253
DISBURSEMENTS				
Administration	125,000	324,594		324,594
Total Disbursements	125,000	324,594		324,594
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(32,518)	(101,307)	287,540	388,847
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		86,567	31,403	(55,164)
Transfers To Other Funds	$ (866,034)	$ (866,034)	$ (151,951)	714,083
Total Other Adjustments to Cash (Uses)	(866,034)	(779,467)	(120,548)	658,919
Net Change in Fund Balance	(898,552)	(880,774)	166,992	1,047,766
Fund Balance - Beginning	898,552	898,552	888,553	(9,999)
Fund Balance - Ending	$ 0	$ 17,778	$ 1,055,545	$ 1,037,767

BULLITT COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

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, 2025

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BULLITT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2025

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	$	$ 1,390,855
Total U.S. Department of the Treasury			$	$ 1,390,855
U. S. Department of Homeland Security				
Passed-Through Kentucky Department of Military Affairs, Division of Emergency Management:				
Emergency Management Performance Grants	97.042	2000000513	$	22,646
Total U.S. Department of Homeland Security			$	$ 22,646
U. S. Election Assistance Commission				
Passed-Through Kentucky Board of Elections:				
Help America Vote Act - Election Security Grants	90.404	PL107-252	$	$ 8,300
Total U.S. Election Assistance Commission			$	$ 8,300
Total Expenditures of Federal Awards			$ 0	$ 1,421,801

The accompanying notes are an integral part of this schedule.

BULLITT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

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, 2025. 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, 2025

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BULLITT COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Ending Balance
Land	$ 1,077,975	$ 2,100,000	$ 3,177,975
Land Improvements	215,239		215,239
Building Improvements	34,036,692		34,036,692
Machinery and Equipment	3,440,867		3,440,867
Vehicles	7,249,074		7,249,074
Infrastructure	19,119,511		19,119,511
Total Capital Assets	$ 65,139,358	$ 2,100,000	$ 67,239,358

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

June 30, 2025

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 Jerral 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, 2025, 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 July 9, 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 a certain deficiency in internal control that we consider to be a material weakness 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a material weakness.

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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 2025-002 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001.

Views of Responsible Official 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

July 9, 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 Jerral 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, 2025. 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, 2025.

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.

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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
Auditor of Public Accounts
Frankfort, Ky

July 9, 2026

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BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

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BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

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, 2025
(Continued)

Section II: Financial Statement Findings

2025-001 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required

Condition and Context:

This is a repeat finding and was included in the prior year audit report as finding 2024-003. 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.

Cause:

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.

Effect:

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.

Criteria:

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires a purchase order system for all counties. 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 main purpose of this system is to ensure that purchases are only made when there are sufficient appropriations available within the applicable county 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.

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."

Recommendations:

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 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.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-001 The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required (Continued)

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.*

2025-002 The Bullitt County Fiscal Court Did Not Reconcile The Payroll Revolving Account Properly

Condition and Context:

This is a repeat finding and was included in the prior year audit report as finding 2024-004. The fiscal court failed to implement adequate internal controls over reconciliation of the payroll account. The treasurer's reconciled payroll revolving account balance on June 30, 2025, was $55,796.

Cause:

The payroll revolving account is not reconciled to zero or other set amount monthly as required.

Effect:

If payroll accounts are not properly reconciled to zero each month, the account could accumulate a large balance that could otherwise be available for use in other accounts from which the funds were originally transferred.

Criteria:

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." Monthly bank reconciliations are a basic internal control necessary to ensure the accuracy and reliability of financial reports.

BULLITT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-002 The Bullitt County Fiscal Court Did Not Reconcile The Payroll Revolving Account Properly (Continued)

Recommendations:

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.

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.

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2024-001	The Bullitt County Detention Center Did Not Have Adequate Internal Controls Over Daily Deposits And Kiosk Transactions Resulting In Undeposited Cash Receipts	Resolved	
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	Resolved	
2024-003	The Bullitt County Fiscal Court Did Not Properly Utilize The Purchase Order System As Required	Unresolved	See corrective action for current year finding 2025-001
2024-004	The Bullitt County Fiscal Court Did Not Reconcile Payroll Revolving Account Properly	Unresolved	See corrective action for current year finding 2025-002

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BULLITT COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

BULLIT COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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.

Jerral Summers
County Judge/Executive

Stephanie Kenann Choate
County Treasurer