

**REPORT OF THE AUDIT OF THE
2021 STS BINDER COUNTY
SHERIFF'S SETTLEMENT - 2021 TAXES**

**For The Period
April 16, 2021 Through August 31, 2022**



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

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE 502.564.5841
FACSIMILE 502.564.2912**

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MIKE HARMON
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 (JEX), 2021 STS Binder County Judge/Executive
The Honorable , 2021 STS Binder County Sheriff
Members of the 2021 STS Binder County Fiscal Court

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 2021 STS Binder County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022 - Regulatory Basis, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement presents fairly, in all material respects, the taxes charged, credited, and paid for the period April 16, 2021 through August 31, 2022 of the 2021 STS Binder County Sheriff, in accordance with the basis of 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 statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the 2021 STS Binder County Sheriff, for the period April 16, 2021 through August 31, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Sheriff's Tax Settlements*. 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 2021 STS Binder County Sheriff and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
 Holly M. Johnson, Secretary
 Finance and Administration Cabinet
 The Honorable (JEX), 2021 STS Binder County Judge/Executive
 The Honorable , 2021 STS Binder County Sheriff
 Members of the 2021 STS Binder County Fiscal Court

Basis for Opinion (Continued)

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 2021 STS Binder County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting 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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole 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 an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, 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 2021 STS Binder County Sheriff's internal control. Accordingly, no such opinion is expressed.
- 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 2021 STS Binder County Sheriff's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable (JEX), 2021 STS Binder County Judge/Executive
The Honorable , 2021 STS Binder County Sheriff
Members of the 2021 STS Binder County Fiscal Court

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated Put EOF in Binder Properties Date, on our consideration of the 2021 STS Binder County Sheriff’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 2021 STS Binder County Sheriff’s internal control over financial reporting and compliance.

Based on the results of our audit, we have presented the accompanying Schedule of Findings and Responses, included herein, which discusses the following report comment(s): *(Delete this section if no findings)*

Capitalize First Letter Of Each Word

2021-001 The
2021-002 The
2021-003 The

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

Put EOF in Binder Properties Date

2021 STS BINDER COUNTY
, SHERIFF
SHERIFF'S SETTLEMENT - 2021 TAXES

For The Period April 16, 2021 Through August 31, 2022

	Special Taxing			
	County	Districts	School	State
<u>Charges</u>				
Real Estate	\$ 0	\$ 0	\$ 0	\$ 0
Tangible				
Bank Shares (Delete if not used)				
Fire Dues				
Fire Protection				
Total Per Sheriff's Official Receipt	-	-	-	-
<u>Other Taxes & Charges</u>				
Court Ordered Increases				
Omitted Taxes				
Franchise Taxes				
Distilled Spirits Taxes				
Additional Billings				
Unmined Coal - 20__ Taxes				
Unmined Coal - 20__ Taxes				
Oil and Gas Property Taxes				
Limestone, Sand, and Gravel Reserves				
Bank Franchises				
Penalties				
Gross Chargeable to Sheriff	-	-	-	-
<u>Credits</u>				
Exonerations				
Discounts				
Delinquent Real Estate				
Delinquent Tangible				
Delinquent Intangible				
Delinquent Unmined Coal - 20__ Taxes				
Franchise Taxes - Uncollected				
Franchise Taxes - Delinquent				
Total Credits	-	-	-	-
Taxes Collected	-	-	-	-
Less: Sheriff's Commissions*				
Taxes Due Districts	-	-	-	-
Taxes Paid				
Refunds (Current and Prior Year)				
Taxes Due Districts (Refund Due Sheriff)	\$ -	\$ -	\$ -	\$ -

**

* and ** See next page.

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

2021 STS BINDER COUNTY
 , SHERIFF
 SHERIFF'S SETTLEMENT - 2021 TAXES
 For The Period April 16, 2021 Through August 31, 2022
 (Continued)

* Commissions:		
10% on	\$	0
4.25% on	\$	0
4% on	\$	0
1% on	\$	0
___% on	\$	0
___% on	\$	0

** Special Taxing Districts:		
Library District	\$	0
Health District		
Extension District		
_____ Watershed District		

Due District(s) or (Refund(s) Due Sheriff)	\$	<u>0</u>

*** School Taxing Districts		
Common School District	\$	0
_____ City School		
_____ City School		

Due District(s) or (Refund(s) Due Sheriff)	\$	<u>0</u>

2021 STS BINDER COUNTY
NOTES TO FINANCIAL STATEMENT

August 31, 2022

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits **(Everything OK)**

The 2021 STS Binder County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

2021 STS BINDER COUNTY
 NOTES TO FINANCIAL STATEMENT
 August 31, 2022
 (Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The 2021 STS Binder County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of August 31, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 2. Deposits (**Collateral Insufficient w/Agreement**)

(Use this when the sheriff has an agreement in place but the bank did not pledge sufficient assets to cover the sheriff's deposits at either year-end or on the high date. (This is used only when the fee official is not at fault.) If there is not a security agreement in place, this is not used.)

The 2021 STS Binder County Sheriff maintained deposits of public funds with federally insured banking institutions as required by Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of August 31, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of _____, 20__, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

(OR)

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of _____, 20__, the sheriff's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

2021 STS BINDER COUNTY
 NOTES TO FINANCIAL STATEMENT
 August 31, 2022
 (Continued)

Note 2. Deposits **(Collateral Insufficient w/ NO Agreement)**

The 2021 STS Binder County Sheriff maintained deposits of public funds with federally insure institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were not met, because the sheriff did not have a written agreement with the bank.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The sheriff 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 Manual*. On _____, 20__, the sheriff's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$ _____

Note 3. Tax Collection Period

Guidance: Include a section for each property tax type for which the collection period is outside the tax collection period of regular taxes or ends after the settlement date for regular taxes. You may have others than those listed below, modify accordingly. Delete any you don't need. Taxes are generally levied January 1 of the audit year, but there could be circumstances that cause this date to need to be modified.

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2021. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2022. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ (Date official tax receipt signed) through August 31, 2022. *If the sheriff did not turn over regular taxes on this date, contact your manager.*

GUIDANCE for Oil, Gas, Limestone taxes: [DELETE ALL OF THIS RED FONT GUIDANCE]

Make sure to check the collection dates in the county you're auditing, get a copy of the tax collection schedule.

Typical schedule:

One month – Discount (March)

One month – Face (April)

One month - 5% penalty(May)

2 ½ months – 21% (June, July, Aug 1-15) } 3 1/2 months

134.122 Transfer of certificates of delinquency by sheriff to clerk. (1) (a) The sheriff shall, on April 15 or three (3) months and fifteen (15) days from the date the taxes were due under an alternative collection schedule, file all tax claims on real and personal property remaining in his or her possession with the county clerk, except that in a consolidated local government the sheriff shall have fourteen (14) working days from the required filing date to file the delinquent tax claims with the county clerk.

2021 STS BINDER COUNTY
 NOTES TO FINANCIAL STATEMENT
 August 31, 2022
 (Continued)

Note 3. Tax Collection Period (Continued)

B. Oil (and Gas) Property Taxes

The oil (and gas) property tax assessments were levied as of January 1, 2021. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____ through _____, 2022. *(Change this date to agree to actual date for your county. If the sheriff did not turn O&G bills over as delinquent on this date, contact your manager.)*

C. Limestone, Sand, and Gravel Reserves

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2021. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____ through _____.

D. Unmined Coal Property Taxes

The unmined coal property tax assessments were levied as of January 1, 2021. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ through _____, 20__.

E. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was _____, 20__ through _____, 20__.

Note 4. Interest Income

The 2021 STS Binder County Sheriff earned \$ _____ as interest income on 2021 taxes. The sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the sheriff's office. As of **Put EOF in binder properties - date**, the sheriff owed \$ _____ in interest to the school district and \$ _____ in interest to his fee account. *Please review APA policy #36 at Z-00a to ensure note is completed properly.*

Or (Only use the note that applies)

The 2021 STS Binder County Sheriff earned \$ _____ as interest income on 2021 taxes. The sheriff was in substantial compliance with his statutory responsibilities.

Note 5. Sheriff's 10% Add-On Fee

The 2021 STS Binder County Sheriff collected \$ _____ of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the sheriff's office. **Or** As of **(end of fieldwork date)**, the sheriff owed \$ _____ in 10% add-on fees to his fee account.

2021 STS BINDER COUNTY
 NOTES TO FINANCIAL STATEMENT
 August 31, 2022
 (Continued)

Note 6. Escrow Account

The sheriff deposited unrefundable payments in (an) interest-bearing account(s). The sheriff's escrowed beginning balance was \$_____. The sheriff received \$_____ and disbursed \$_____ resulting in a total ending balance as of August 31, 2022, of \$_____. The ending balance consists of escrowed of:

20XX \$_____,
 20XX \$_____,
 20XX \$_____,
 and interest of \$_____. (Update if non-interest bearing)

When statutorily required, the sheriff will turn over the escrowed funds to the Kentucky State Treasurer as unclaimed property.

Auditors may duplicate this note if the sheriff has more than one escrow account, or if it is difficult to separate the accounts, copy in the prior year note and update.

NOTE: Only include funds that have actually been escrowed as of end of tax collection period. (Deposited in account)

Note 7. Subsequent Events (Tailor this to fit your situation or delete if not needed)

If the official left office during the year, please add this language to this subsequent event note.

The sheriff retired/resigned on XXX, XXXX and a new sheriff was appointed by the county judge/executive on XX, XXXX

Note 8. Commitments and Contingencies (TAILOR THIS TO FIT YOUR SITUATION OR DELETE IF NOT NEEDED)

The sheriff is involved in (a/ multiple) lawsuit(s). While individually it/they may not be significant, in the aggregate it/they could negatively impact the financial position of the sheriff's office. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the sheriff's office cannot be made at this time.

2021 STS BINDER COUNTY
, SHERIFF
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS

For The Period April 16, 2021 Through August 31, 2022

Please copy the excess of liabilities over assets schedule from M-08 into C-00 before linking into the report, linking only from R-00 avoids Engagement issues. Make sure font size in the schedule is 10.5.

2021 STS BINDER COUNTY
, SHERIFF
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS
For The Period April 16, 2021 Through August 31, 2022
(Continued)

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*

Use one of the following 3 Letters and Delete the 2 you do not use

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of
Noncompliance or Other Matters Identified)**

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MIKE HARMON
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 (JEX), 2021 STS Binder County Judge/Executive
The Honorable , 2021 STS Binder County Sheriff
Members of the 2021 STS Binder 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 2021 STS Binder County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated **Put EOF in Binder Properties - Dates**. The 2021 STS Binder County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the 2021 STS Binder County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the 2021 STS Binder County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 2021 STS Binder County Sheriff's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



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*
(Continued)

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 2021 STS Binder County Sheriff's financial statement is free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

Put EOF in Binder Properties - Dates

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*

**(No Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of
Noncompliance, and Other Matters Identified)**

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MIKE HARMON
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 (JEX), 2021 STS Binder County Judge/Executive
The Honorable , 2021 STS Binder County Sheriff
Members of the 2021 STS Binder 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 2021 STS Binder County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated **Put EOF in Binder Properties - Dates**. The 2021 STS Binder County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the 2021 STS Binder County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the 2021 STS Binder County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 2021 STS Binder County Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiency(ies) in internal control, which are described in the accompanying Schedule of Findings and Responses as items [List the reference numbers of the related findings, for example, 2021-00X, 2021-00X, and 2021-00X that we consider to be (a) significant deficiency(ies)].

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FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
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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*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 2021 STS Binder County Sheriff's financial statement is free from 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(s) of noncompliance or other matters that is (are) required to be reported under *Government Auditing Standards* and which is (are) described in the accompanying Schedule of Findings and Responses as item(s) [List the reference number(s) of the related findings, for example, 2021-00X, 2021-00X, and 2021-00X.. **(Or replace last sentence with the following)** The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

(If the Sheriff has responded to any comments, include this paragraph)

The 2021 STS Binder County Sheriff's views and planned corrective action for the finding(s) identified in our audit are described in the accompanying Schedule of Findings and Responses. The 2021 STS Binder County Sheriff's response(s) were/was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it (them).

Purpose of this Report

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

Put EOF in Binder Properties - Dates

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*

**(Material Weaknesses and Significant Deficiencies and Reportable Instances of Noncompliance, and
Other Matters Identified)**

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MIKE HARMON
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 (JEX), 2021 STS Binder County Judge/Executive
The Honorable , 2021 STS Binder County Sheriff
Members of the 2021 STS Binder 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 2021 STS Binder County Sheriff's Settlement - 2021 Taxes for the period April 16, 2021 through August 31, 2022- Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated **Put EOF in Binder Properties - Dates**. The 2021 STS Binder County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the 2021 STS Binder County Sheriff's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the 2021 STS Binder County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the 2021 STS Binder County Sheriff'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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified (a) certain deficiency(ies) in internal control that we consider to be (a) material weakness(es) [*and (another deficiency) other deficiencies that we consider to be (a) significant deficiency(ies)*].

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(ies) described in the accompanying Schedule of Findings and Responses as item(s) 2021-0XX, 2021-0XX, and 2021-0XX] to be (a) material weakness(es).

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



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*
(Continued)

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(ies) described in the accompanying Schedule of Findings and Responses as item(s) 2021-0XX and 2021-0XX] to be (a) significant deficiency(ies).

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 2021 STS Binder County Sheriff's financial statement is free from 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(s) of noncompliance or other matters that is (are) required to be reported under *Government Auditing Standards* and which is (are) described in the accompanying Schedule of Findings and Responses as item(s) 2021-0XX, 2021-0XX, and 2021-0XX].

(Or replace last sentence with the following) The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

(If the Sheriff has responded to any comments, include this paragraph)

The 2021 STS Binder County Sheriff's views and planned corrective action for the finding(s) identified in our audit are described in the accompanying Schedule of Findings and Responses. The 2021 STS Binder County Sheriff's response(s) was (were) not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it(them).

Purpose of this Report

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

Put EOF in Binder Properties - Dates

SCHEDULE OF FINDINGS AND RESPONSES

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2021 STS BINDER COUNTY
, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 16, 2021 Through August 31, 2022

*IF THIS IS A FORMER SHERIFF PLEASE WRITE COMMENTS IN PAST TENSE WHERE APPLICABLE.
Finding titles should be condition based and not recommendation based.*

STATE LAWS AND REGULATIONS:

2021-001 The Sheriff

For repeat report findings, include a sentence such as: This is a repeat finding and was included in the prior year audit report as finding 2020-0XX.

Sheriff's Response: If no response, then please write: The sheriff did not provide a response. Otherwise, type their response exactly as they provided.

Auditor's Reply: (delete if not needed) – Guidance: If the official contradicts or disagrees with the finding and documents this in their response, please consider whether an auditor's reply is needed. Consult your manager. Auditor replies should be written before level 2 review.

2021-002 The Sheriff

Sheriff's Response:

2021 STS BINDER COUNTY
, SHERIFF
SCHEDULE OF FINDINGS AND RESPONSES
For The Period April 16, 2021 Through August 31, 2022
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2021-003 The Sheriff

Sheriff's Response:

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY(IES):

2021-004 The Sheriff

Sheriff's Response:

INTERNAL CONTROL - MATERIAL WEAKNESS(ES):

2021-005 The Sheriff

Sheriff's Response:



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at auditor.ky.gov or upon request by calling 1-800-247-9126.

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FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D

