



Auditor of Public Accounts  
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FOR IMMEDIATE RELEASE

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### **Harmon Releases Audit of Bullitt County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Mike Harmon today released the audit of the 2015 financial statement of the former Bullitt County Sheriff David Greenwell. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account, and the other reporting on the audit of the fee account used to operate the office.

Auditing standards require the auditor's letter to communicate whether the financial statements present fairly the receipts and disbursements of the Bullitt County Sheriff and the receipts, disbursements, and fund balances of the Bullitt County Sheriff's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The sheriff's financial statements did not follow this format. However, the sheriff's financial statements are fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 sheriff audits in Kentucky.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comment:

**The former sheriff did not have a written agreement to protect deposits.** The former sheriff did not have a written agreement with one of his depository institutions. The former sheriff failed to get a written agreement with a depository institution when he opened multiple accounts with them. Even though the bank pledged sufficient collateral, by not having a written agreement, the former sheriff's deposits were uncollateralized and uninsured as of November 5, 2015 and December 31, 2015 by \$54,692,639 and 2,969,697, respectively. According to 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (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. We recommend the sheriff's office enter into a written agreement with the depository institution to adequately pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times.

*Former Sheriff's response: Working with [bank personnel] to get corrected.*

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The audit report can be found on the [auditor's website](#).

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