

**REPORT OF THE AUDIT OF THE
BOURBON COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Michael R. Williams, Bourbon County Judge/Executive
Members of the Bourbon County Fiscal Court

The enclosed report prepared by Patrick & Associates, LLC, presents the financial statement of Bourbon County, Kentucky, for the year ended June 30, 2023.

We engaged Patrick & Associates, LLC to perform the audit of this financial statement. We worked closely with the firm during our report review process; Patrick & Associates, LLC evaluated the Bourbon County Fiscal Court's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script that reads "Allison Ball".

Allison Ball
Auditor of Public Accounts

Enclosure



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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Michael R. Williams, Bourbon County Judge/Executive
Members of the Bourbon 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 Bourbon County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Bourbon County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Bourbon County Fiscal Court, for the year ended June 30, 2023, 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 Bourbon County Fiscal Court, for the year ended June 30, 2023, 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 Bourbon County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the People of Kentucky
The Honorable Andy Beshear, Governor
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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 Bourbon 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

Bourbon 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.

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 Bourbon County Fiscal Court'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 Bourbon 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
Honorable Michael R. Williams, Bourbon County Judge/Executive
Members of the Bourbon County Fiscal Court

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 Bourbon County Fiscal Court. The Budgetary Comparison Schedules 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 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 are fairly stated in all material respects in relation to the financial statement as a whole.

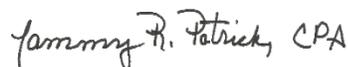
Other Information

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the Bourbon 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 Bourbon County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Tammy R. Patrick, CPA
Patrick & Associates, LLC

December 28, 2023

BOURBON COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

Michael R. Williams	County Judge/Executive
Bart N. Horne	Magistrate
Randy Taulbee	Magistrate
Tony Sosby	Magistrate
Scott Wells	Magistrate
Don E. Menke	Magistrate
Jimmy Mason	Magistrate
Andrew W. Perraut	Magistrate

Other Elected Officials:

Gordon D. Wilson	County Attorney
Wesley Burberry	Jailer
Cynthia Santana Wilson	County Clerk
Trina Huston	Circuit Court Clerk
Tony Asbury	Sheriff
Tim Lizer	Property Valuation Administrator
Dee Gee M. Roe	Coroner

Appointed Personnel:

Dana H. Boone	County Treasurer
Jan Wagoner	Chief Financial Officer
Christina Smith	Finance Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 5,784,538	\$	\$	\$
Excess Fees	1,272,717			
Licenses and Permits	83,688			
Intergovernmental	1,190,441	1,173,807	262,258	98,421
Miscellaneous	268,531	52,945	22,949	
Interest	40,858	6,788	5,484	3,188
Total Receipts	<u>8,640,773</u>	<u>1,233,540</u>	<u>290,691</u>	<u>101,609</u>
DISBURSEMENTS				
General Government	3,085,615			
Protection to Persons and Property	1,710,053		109,281	79,005
General Health and Sanitation	273,135	34,336		
Social Services	224,692			
Recreation and Culture	349,749			
Roads		1,033,775		
Debt Service	998,158			
Capital Projects	66,660	400,000		
Administration	2,575,711	344,076	48,213	
Total Disbursements	<u>9,283,773</u>	<u>1,812,187</u>	<u>157,494</u>	<u>79,005</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(643,000)</u>	<u>(578,647)</u>	<u>133,197</u>	<u>22,604</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(643,000)	(578,647)	133,197	22,604
Fund Balance - Beginning	<u>2,397,859</u>	<u>736,175</u>	<u>379,476</u>	<u>253,097</u>
Fund Balance - Ending	<u>\$ 1,754,859</u>	<u>\$ 157,528</u>	<u>\$ 512,673</u>	<u>\$ 275,701</u>
Composition of Fund Balance				
Bank Balance	\$ 1,224,505	\$ 171,966	\$ 512,736	\$ 276,699
Financing Obligation Proceeds Held in Escrow	551,324			
Less: Outstanding Checks	(20,970)	(14,438)	(63)	(998)
Certificates of Deposit				
Investments				
Fund Balance - Ending	<u>\$ 1,754,859</u>	<u>\$ 157,528</u>	<u>\$ 512,673</u>	<u>\$ 275,701</u>

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

BOURBON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds			Unbudgeted Funds		
Federal Grants Fund	County Clerk Storage Fund	Phase I Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Educational Trust Fund Checking
\$	\$	\$	\$	\$	\$
11,105	31,940	387,500		109,925	10,955
	37	1,996	52,541	114	28,070
<u>11,105</u>	<u>31,977</u>	<u>389,496</u>	<u>52,541</u>	<u>110,039</u>	<u>39,025</u>
					170,264
69,812	8	387,500			
<u>69,812</u>	<u>8</u>	<u>387,500</u>			<u>170,264</u>
(58,707)	31,969	1,996	52,541	110,039	(131,239)
					281,629
					<u>281,629</u>
(58,707)	31,969	1,996	52,541	110,039	150,390
901,897		354	3,840,698		1,221,898
<u>\$ 843,190</u>	<u>\$ 31,969</u>	<u>\$ 2,350</u>	<u>\$ 3,893,239</u>	<u>\$ 110,039</u>	<u>\$ 1,372,288</u>
\$ 85	\$ 31,969	\$ 36,938	\$ 1,983	\$ 110,039	\$ 1,372,288
843,105		(34,588)	3,891,256		
<u>\$ 843,190</u>	<u>\$ 31,969</u>	<u>\$ 2,350</u>	<u>\$ 3,893,239</u>	<u>\$ 110,039</u>	<u>\$ 1,372,288</u>

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

BOURBON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	Private Purpose Trust Funds			
	Talbott Clay Trust Fund	Clifton Gillespie Trust Fund	John Marston Education Trust Fund	Robert Meteer Trust Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
Excess Fees				
Licenses and Permits				
Intergovernmental				
Miscellaneous	17,473	42,279	74,942	35,897
Interest	782	1,881	5,808	1,579
Total Receipts	<u>18,255</u>	<u>44,160</u>	<u>80,750</u>	<u>37,476</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services	6,065	99,019	23,378	19,240
Recreation and Culture				
Roads				
Debt Service				
Capital Projects				
Administration				
Total Disbursements	<u>6,065</u>	<u>99,019</u>	<u>23,378</u>	<u>19,240</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>12,190</u>	<u>(54,859)</u>	<u>57,372</u>	<u>18,236</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				
Transfers To Other Funds	<u>(12,874)</u>	<u>(107,895)</u>	<u>(66,547)</u>	<u>(37,302)</u>
Total Other Adjustments to Cash (Uses)	<u>(12,874)</u>	<u>(107,895)</u>	<u>(66,547)</u>	<u>(37,302)</u>
Net Change in Fund Balance	(684)	(162,754)	(9,175)	(19,066)
Fund Balance - Beginning	<u>522,202</u>	<u>2,221,602</u>	<u>1,514,483</u>	<u>1,170,313</u>
Fund Balance - Ending	<u>\$ 521,518</u>	<u>\$ 2,058,848</u>	<u>\$ 1,505,308</u>	<u>\$ 1,151,247</u>
Composition of Fund Balance				
Bank Balance	\$ 12,900	\$ 83,265	\$ 132,007	\$ 67,329
Financing Obligation Proceeds Held in Escrow				
Less: Outstanding Checks				
Certificates of Deposit	54,540	21,167		
Investments	<u>454,078</u>	<u>1,954,416</u>	<u>1,373,301</u>	<u>1,083,918</u>
Fund Balance - Ending	<u>\$ 521,518</u>	<u>\$ 2,058,848</u>	<u>\$ 1,505,308</u>	<u>\$ 1,151,247</u>

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

BOURBON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Private Purpose Trust Funds							
Lucy Anderson Trust Fund	Howard Forquer Trust Fund	Education #1 E.M. Costello, Garth, Costello Hamilton, Champ Trust Fund	Education #2 Kennedy, Hinkle, Redmon, Goff Trust Fund	Health and Welfare Trust Fund	Massie Memorial Trust Fund	Total Funds	
\$	\$	\$	\$	\$	\$	\$	5,784,538
							1,272,717
							83,688
							3,123,532
18,510	26,538	3,712	8,587				725,183
304	1,050	4,539	178	129	43		155,369
<u>18,814</u>	<u>27,588</u>	<u>8,251</u>	<u>8,765</u>	<u>129</u>	<u>43</u>		<u>11,145,027</u>
							3,085,615
							1,898,339
							307,471
14,078	9,615	2,257	3,001				571,609
							349,749
							1,033,775
							998,158
							466,660
							<u>3,425,320</u>
<u>14,078</u>	<u>9,615</u>	<u>2,257</u>	<u>3,001</u>				<u>12,136,696</u>
							4,736
							17,973
							5,994
							5,764
							129
							43
							(991,669)
							281,629
(18,813)	(23,908)	(7,689)	(6,601)				(281,629)
<u>(18,813)</u>	<u>(23,908)</u>	<u>(7,689)</u>	<u>(6,601)</u>				
(14,077)	(5,935)	(1,695)	(837)	129	43		(991,669)
711,570	633,799	215,523	183,698	13,791	25,299		16,943,734
<u>\$ 697,493</u>	<u>\$ 627,864</u>	<u>\$ 213,828</u>	<u>\$ 182,861</u>	<u>\$ 13,920</u>	<u>\$ 25,342</u>		<u>\$ 15,952,065</u>
							\$ 4,112,219
\$ 13,897	\$ 28,902	\$ 4,315	\$ 4,534	\$ 520	\$ 25,342		551,324
							(71,057)
							4,823,468
683,596	598,962	209,513	178,327	13,400			6,536,111
<u>\$ 697,493</u>	<u>\$ 627,864</u>	<u>\$ 213,828</u>	<u>\$ 182,861</u>	<u>\$ 13,920</u>	<u>\$ 25,342</u>		<u>\$ 15,952,065</u>

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

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TO THE FINANCIAL STATEMENT**

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BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Bourbon County includes all budgeted and unbudgeted funds under the control of the Bourbon 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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (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 grants. The primary source of receipts for this fund are grants from the federal government.

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.

Phase I Fund - The primary purpose of this fund is to account for activities related to a phase I construction project. The primary sources of receipts for this fund are federal and state grants.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for federal grants under the American Rescue Plan Act. The primary source of receipts for this fund are grants from the federal government.

Unbudgeted Fund

The fiscal court reports the following unbudgeted funds:

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

Educational Trust Fund Checking - The educational trust fund checking accounts for the activities of the private purpose trust funds. The Department for Local Government does not require the fiscal court to budget this 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.

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 educational trust fund checking account to be budgeted.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Bourbon County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Bourbon 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 Bourbon 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).

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 and Investments

A. Deposits

The fiscal court 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 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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

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 the *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, deposits were fully insured or collateralized.

B. Investments

As of June 30, 2023, the fiscal court had the following investments and maturities:

I. Cash	<u>Cost</u>						
Money Market	\$ 347,149						
CD	<u>75,707</u>						
Total Cash	<u>\$ 422,856</u>						
I. Investments		<u>Cost</u>					
		<u>< 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-15 Years</u>	<u>16-20 Years</u>	<u>> 20 Years</u>
Fixed Income Investments:							
Government Bonds	\$	\$ 199,710	\$	\$	\$	\$	\$
Total:	<u>\$</u>	<u>\$ 199,710</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
II. Other Investments:	<u>Cost</u>						
Common Stock	\$ 1,069,592						
Mutual Funds	<u>5,266,809</u>						
Total:	<u>\$ 6,336,401</u>						
Total Investments	<u>\$ 6,536,111</u>						
Total Cash and Investments	<u>\$ 6,958,967</u>						

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$6,958,967 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange-traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

The fiscal court's rated investments, as of June 30, 2023, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

	AAA	AA2	A2	A3	BAA3	B	Unrated	Cost
Fixed Income Investments:								
Government Bonds	\$ 199,710	\$	\$	\$	\$	\$	\$	\$ 199,710
Common Stock						1,069,592		1,069,592
Mutual Funds							5,266,809	5,266,809
Total Investments	<u>\$ 199,710</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,069,592</u>	<u>\$ 5,266,809</u>	<u>\$ 6,536,111</u>

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See the table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	Educational Trust Fund Checking	Total Transfers Out
Talbott Clay Trust Fund	\$ 12,874	\$ 12,874
Clifton Gillespie Trust Fund	107,895	107,895
John Marston Trust Fund	66,547	66,547
Robert Meteer Trust Fund	37,302	37,302
Lucy Anderson Trust Fund	18,813	18,813
Howard Forquer Trust Fund	23,908	23,908
Education #1 Trust Fund	7,689	7,689
Education #2 Trust Fund	6,601	6,601
Total Transfers In	<u>\$ 281,629</u>	<u>\$ 281,629</u>

Reason for transfers:

To move resources from the various private purpose trust funds to the education trust fund checking in order to expend the funds for their intended purpose.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 4. Private Purpose Trust Funds

Private-purpose trust funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The fiscal court has the following private purpose trust funds:

Talbott Clay Trust Fund - This fund was established by the will and codicil of Talbott Clay. The will imposed that the funds be held in perpetuity, meaning the original principal amount remains intact. The primary purpose of this fund is to provide educational scholarships for clothing, school supplies, means of transportation to and from school, and any equipment other than tuition fees to young men and women residing in Bourbon County, Kentucky. These benefits are to be granted to the heirs of Albert R. Talbott and Ayletti H. Bedford first. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Clifton Gillespie Trust Fund - This fund was established by the will and codicil of Clifton Gillespie. The will imposed that the funds be held in perpetuity, meaning that the original principal amount remains intact. The primary purpose of this fund is to provide financial assistance with hospital care to indigent residents of Bourbon County. The county judge/executive decides who shall receive assistance from this fund by applications submitted. Each eligible person is limited to \$2,000.

John Marston Education Trust Fund - This fund was established by the will and codicil of John Marston. The will imposed that the funds be held in perpetuity, meaning that the original principal amount remains intact. The primary purpose of this fund is to account for income generated by the principal. The income, less applicable administrative costs, is to be spent on educational scholarships. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Robert Meteer Trust Fund - This fund was established by the will and codicil of Robert Meteer. The will imposed that the funds be held in perpetuity, meaning the original principal amount remains intact. The primary purpose of this fund is to provide financial assistance to young women residing in Bourbon County, Kentucky, who want to continue their education at a college institution. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Lucy Anderson Trust Fund - This fund was established by the will and codicil of Lucy D. Anderson. The will imposed that the funds be held in perpetuity, meaning the original principal amount remains intact. The primary purpose of this fund is to provide financial assistance to male college students or potential male college students residing in Bourbon County, Kentucky. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Howard Forquer Trust Fund - This fund was established by the will and codicil of Hallie H. Forquer. The will imposed that the funds be held in perpetuity, meaning the original principal amount remains intact. The primary purpose of this fund is to provide financial assistance with education to young girls and boys residing in Bourbon County, Kentucky. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 4. Private Purpose Trust Funds (Continued)

Education #1 E.M. Costello, Garth, Costello, Hamilton, Champ Trust Fund - This fund was established to consolidate the following trust funds: E.M. Costello Fund, Garth Fund, Thomas Costello Fund, Hamilton Fund, and Frances Champ Fund in 2014. The primary purpose of this fund is to account for income generated by the principal. The income, less applicable administrative costs, is to be spent for educational scholarships to young men and women residing in Bourbon County, Kentucky. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Education #2 Kennedy, Hinkle, Redmon, Goff Trust Fund - This fund was established to consolidate the following trust funds: Harrell-Kennedy Fund, Brooks Hinkle Fund, Lou Davis Redmon Fund, and May Goff Fund in 2014. The primary purpose of this fund is to account for income generated by the principal. The income, less applicable administrative costs, is to be spent on educational scholarships to young men and women residing in Bourbon County, Kentucky. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Health and Welfare Trust Fund - This fund was established by two deposits from a trust account for financial assistance to Bourbon County residents with medical expenses. These deposits were for the assistance of the health and welfare fund and not for the creation of the fund. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office.

Massie Memorial Trust Fund - This fund was established to assist with medical bills for the residents of Bourbon County.

Note 5. Leases

A. Lessee

On March 11, 2021, the Bourbon County Fiscal Court entered into a lease agreement for new phones and software in the courthouse. The lease is for 60 months through April 2026 and requires monthly payments of \$1,578. The Bourbon County Fiscal Court expended \$18,936 in lease payments during the current fiscal year related to this lease agreement. As of June 30, 2023, the outstanding liability on the lease was \$52,074.

B. Lessor

On February 23, 2012, the Bourbon County Fiscal Court began leasing office space in the courthouse to the Bourbon County Attorney. The agreement states that the county attorney may rent the office space in the courthouse for \$500 per month as long as the current county attorney is in office. However, the agreement may be terminated by either party at the end of any fiscal year by giving 30 days written notice to the other party. The county recognized \$6,000 in lease revenue for this agreement during fiscal year 2023.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Kentucky Association of Counties Revenue Bonds, Series 2014A (Energy Savings Project)

On April 3, 2014, the Kentucky Association of Counties Finance Corporation issued financing program revenue bonds, series 2014A, in the amount of \$275,000 for the purpose of acquisition and installation of energy efficiency improvements to the courthouse.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. Kentucky Association of Counties Revenue Bonds, Series 2014A (Energy Savings Project) (Continued)

The county will be in default under the terms of the agreement if any one or more of the following occurs: (a) failure by the lessee to pay any lease rental payments at the time specified herein; (b) failure by the lessee to vacate or surrender the project by the July 1 following an event of non-appropriation as defined in the agreement; (c) failure by the lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) or (b) of this section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the lessee by the lessor unless the lessor agrees in writing to an extension of such time prior to its expiration.

This agreement may be terminated by any party to this agreement upon thirty days' written notice of termination delivered to the other party or parties to this agreement; provided the termination of this agreement is not effective until (i) the participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the holders of bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all state and federal securities laws and (iii) notice of the termination of this agreement is provided to the MSRB. This agreement shall terminate when all the corporation bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

Principal payments are due annually on December 20, beginning in 2014, and interest, which varies from 2.48 percent to 3.25 percent, is payable semi-annually on June 20 and December 20, beginning on June 20, 2014. As of June 30, 2023, the outstanding principal balance was \$30,000. Future principal and interest requirements are:

Fiscal Year Ending	Principal	Scheduled Interest
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,000	\$ 775
Totals	<u>\$ 30,000</u>	<u>\$ 775</u>

2. Body Scanner Lease

On July 20, 2017, the Bourbon County Fiscal Court entered a fixed-rate lease in the amount of \$185,000 for the purpose of leasing a body scanner. The county would be in default on the lease if any of the following occurred: (a) lessee's failure to make any lease payment (or any other payment) as it becomes due in accordance with the terms of this lease; (b) failure by the lessee to vacate or surrender the project by the July 1 following an event of non-appropriation as defined in the lease agreement, (c) lessee's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this lease or any document delivered by lessee pursuant to or in connection with this lease, and the failure is not cured or steps satisfactory to lessor taken to cure the failure, within 15 days after written notice of the failure to lessee by lessor; (d) any material statement, representation or warranty made by lessee in this lease or in any writing delivered by lessee pursuant to or in connection with this lease is false, misleading or erroneous in any material respect.

Principal and interest, which is calculated at a rate of 3.5 percent, are due biannually on June 20 and December 20, beginning on December 20, 2017. The lease terminates on June 20, 2024.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Body Scanner Lease (Continued)

As of June 30, 2023, the outstanding principal balance was \$28,796. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 28,796	\$ 758
Totals	<u>\$ 28,796</u>	<u>\$ 758</u>

3. Park Land Lease

On March 10, 2020, the Bourbon County Fiscal Court issued \$2,750,000 of revenue bonds 2020, series A, for the purpose of developing park land. The following events are considered default for this agreement: failure by the lessee to pay any lease rental payments at the time specified in the agreement; failure by the lessee to vacate or surrender the project by July 1 following an event of non-appropriation as defined in the agreement; and failure by the lessee to perform any covenant, condition or agreement on its part to be observed or performed other than referred to previously, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the lessee by the lessor unless the lessor agrees in writing to an extension of such time prior to its expiration.

The bond requires semi-annual interest payments due on June 20 and December 20. The lease will mature on June 30, 2040. As of June 30, 2023, the outstanding principal balance was \$2,450,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 110,000	\$ 63,448
2025	115,000	58,947
2026	120,000	54,248
2027	125,000	49,347
2028	130,000	44,248
2029-2033	710,000	161,287
2034-2038	795,000	84,375
2039-2040	345,000	9,040
Totals	<u>\$ 2,450,000</u>	<u>\$ 524,940</u>

4. Sheriff's Vehicles Lease

On April 18, 2023, the Bourbon County Fiscal Court entered into a lease agreement with Magnolia Bank, Inc, in the amount of \$396,325, to acquire seven Chevrolet Tahoes for the Bourbon County Sheriff's office. The Kentucky Association of Counties Leasing Trust (KACoLT) serves as the administrator of the lease. Although the agreement was executed in April of 2023, the funds were received and expended by the county during fiscal year 2024 due to the delivery of vehicles being delayed by the dealership. The lease requires semi-annual payments through November 20, 2027. In the event of default, the lease could be terminated and the property forfeited.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Sheriff's Vehicles Lease (Continued)

As of June 30, 2023, the principal outstanding was \$354,274. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 72,179	\$ 18,552
2025	75,769	14,524
2026	79,538	10,294
2027	83,495	5,854
2028	43,293	1,194
Totals	<u>\$ 354,274</u>	<u>\$ 50,418</u>

B. Other Debt

1. Kentucky Association of Counties Revenue Bonds, Series 2014A (Jail Expansion Project)

On August 10, 2016, the Bourbon County Fiscal Court issued \$7,300,000 of general obligation refunding and improvement bonds, series 2016, for the purpose of expansion of the regional jail. In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than 50% in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The bonds require semiannual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2023, the outstanding principal balance was \$5,315,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 410,000	\$ 172,150
2025	420,000	155,750
2026	440,000	138,950
2027	460,000	121,350
2028	355,000	107,550
2029-2033	1,930,000	372,000
2034-2036	1,300,000	78,750
Totals	<u>\$ 5,315,000</u>	<u>\$ 1,146,500</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding and Improvement Bonds, Series 2017 (Additional Funding for Jail Expansion Project)

On February 23, 2017, the Bourbon County Fiscal Court issued \$1,735,000 of general obligation refunding and improvement bonds, series 2017 for the purpose of additional funding for the expansion of the regional jail. In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than 50% in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The bonds require semi-annual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2023, the outstanding principal balance was \$1,340,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 85,000	\$ 41,950
2025	90,000	39,400
2026	90,000	36,700
2027	95,000	34,000
2028	95,000	31,150
2029-2033	525,000	110,500
2034-2036	360,000	24,494
Totals	<u>\$ 1,340,000</u>	<u>\$ 318,194</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 2,671,752	\$ 396,325	\$ 205,007	\$ 2,863,070	\$ 204,447
Other Debt	7,135,000		480,000	6,655,000	495,000
Total Long-term Debt	<u>\$ 9,806,752</u>	<u>\$ 396,325</u>	<u>\$ 685,007</u>	<u>\$ 9,518,070</u>	<u>\$ 699,447</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2023, were as follows:

Fiscal Year Ending June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Scheduled Interest	Principal	Scheduled Interest
2024	\$ 240,975	\$ 83,533	\$ 495,000	\$ 214,100
2025	190,769	73,471	510,000	195,150
2026	199,538	64,542	530,000	175,650
2027	208,495	55,201	555,000	155,350
2028	173,293	45,442	450,000	138,700
2029-2033	710,000	161,287	2,455,000	482,500
2034-2038	795,000	84,375	1,660,000	103,244
2039-2040	345,000	9,040		
Totals	<u>\$ 2,863,070</u>	<u>\$ 576,891</u>	<u>\$ 6,655,000</u>	<u>\$ 1,464,694</u>

Note 7. Commitments and Contingencies

Bourbon County entered into a Memorandum of Agreement with the Commonwealth of Kentucky Transportation Cabinet Department of Highways to improve US 460 from Russell Cave Road to the US 27 Bypass in Paris. Bourbon County agreed to pay the Department of Highways \$1,000,000 for the project. The Department of Highways will be responsible for all phases of the project. Bourbon County will pay \$100,000 for 10 consecutive quarters until the \$1,000,000 is paid in full. During the fiscal year, the county made three quarterly payments totaling \$300,000. As of June 30, 2023, Bourbon County's remaining commitment is \$500,000.

Note 8. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). 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 Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$795,633, FY 2022 was \$935,992, and FY 2023 was \$1,002,250.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

Nonhazardous (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. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent 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 Ky. Ret. Sys. Board of Directors 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 percent 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 26.95 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent 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 Directors 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 percent 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 44.33 percent.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

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 ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

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 ten dollars 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 percent. 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 percent 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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn fifteen dollars 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 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars 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 percent 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 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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

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

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. 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.

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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 9. Deferred Compensation

The Bourbon 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.

Note 10. Health Reimbursement Account/Flexible Spending Account

The Bourbon County Fiscal Court established a flexible spending account on July 1, 2009, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to eligible employees providing \$2,000 each year to pay for qualified medical expenses. The account used for payment of claims related to these funds had a balance of \$12,895 as of June 30, 2023.

Note 11. Insurance

For the fiscal year ending June 30, 2023, the Bourbon 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 12. Conduit Debt

From time to time the county has issued bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear Bourbon County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 13. Bourbon County – Nicholas County Regional Jail Authority

Under KRS 441.800, the Bourbon County Fiscal Court approved an order to form the Bourbon County – Nicholas County Regional Jail Authority, effective July 1, 2010, which houses inmates from both Bourbon and Nicholas Counties. Under KRS 441.810, the regional jail authority is composed of members appointed by the county judges/executive of the respective counties. Also, the Bourbon County Fiscal Court approved a management and use agreement, inclusive of a lease clause for the use of the Bourbon County Detention Center at \$1 per year.

Note 14. Tax Abatement

The occupational tax license fee for Central Motor Wheel of America, Inc., was abated under the authority of Resolution No. 04-25-19-01, adopted by the county on April 25, 2019. Central Motor Wheel of America, Inc., is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2023, the Bourbon County Fiscal Court did not abate any occupational tax license fees.

Note 15. Subsequent Event

On September 28, 2023, the county entered into a lease agreement in the amount of \$2,670,000. This lease agreement was executed for improvements and construction at the county park.

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,320,500	\$ 5,320,500	\$ 5,784,538	\$ 464,038
Excess Fees	1,251,000	2,286,928	1,272,717	(1,014,211)
Licenses and Permits	66,200	66,200	83,688	17,488
Intergovernmental	1,518,701	1,535,298	1,190,441	(344,857)
Charges for Services	1,100	1,100		(1,100)
Miscellaneous	280,268	280,268	268,531	(11,737)
Interest	31,000	31,000	40,858	9,858
Total Receipts	<u>8,468,769</u>	<u>9,521,294</u>	<u>8,640,773</u>	<u>(880,521)</u>
DISBURSEMENTS				
General Government	2,808,293	3,934,827	3,085,615	849,212
Protection to Persons and Property	1,980,105	1,980,366	1,710,053	270,313
General Health and Sanitation	283,450	307,547	273,135	34,412
Social Services	241,400	250,446	224,692	25,754
Recreation and Culture	1,282,592	1,272,054	349,749	922,305
Debt Service	953,912	998,552	998,158	394
Capital Projects	100,000	95,781	66,660	29,121
Administration	3,152,917	3,015,621	2,575,711	439,910
Total Disbursements	<u>10,802,669</u>	<u>11,855,194</u>	<u>9,283,773</u>	<u>2,571,421</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,333,900)</u>	<u>(2,333,900)</u>	<u>(643,000)</u>	<u>1,690,900</u>
Other Adjustments to Cash (Uses)				
Bond Sale Proceeds	538,849	538,849		(538,849)
Total Other Adjustments to Cash (Uses)	<u>538,849</u>	<u>538,849</u>		<u>(538,849)</u>
Net Change in Fund Balance	(1,795,051)	(1,795,051)	(643,000)	1,152,051
Fund Balance - Beginning	1,795,051	1,795,051	2,397,859	602,808
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,754,859</u>	<u>\$ 1,754,859</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,292,795	\$ 1,292,795	\$ 1,173,807	\$ (118,988)
Miscellaneous	21,000	21,000	52,945	31,945
Interest	14,000	14,000	6,788	(7,212)
Total Receipts	<u>1,327,795</u>	<u>1,327,795</u>	<u>1,233,540</u>	<u>(94,255)</u>
DISBURSEMENTS				
General Health and Sanitation	19,288	34,336	34,336	
Roads	1,018,840	1,235,745	1,033,775	201,970
Capital Projects	502,000	502,000	400,000	102,000
Administration	813,020	581,067	344,076	236,991
Total Disbursements	<u>2,353,148</u>	<u>2,353,148</u>	<u>1,812,187</u>	<u>540,961</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,025,353)</u>	<u>(1,025,353)</u>	<u>(578,647)</u>	<u>446,706</u>
Net Change in Fund Balance	(1,025,353)	(1,025,353)	(578,647)	446,706
Fund Balance - Beginning	<u>1,025,353</u>	<u>1,025,353</u>	<u>736,175</u>	<u>(289,178)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 157,528</u>	<u>\$ 157,528</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 166,200	\$ 166,200	\$ 262,258	\$ 96,058
Miscellaneous	5,000	5,000	22,949	17,949
Interest	4,800	4,800	5,484	684
Total Receipts	<u>176,000</u>	<u>176,000</u>	<u>290,691</u>	<u>114,691</u>
DISBURSEMENTS				
Protection to Persons and Property	169,293	170,073	109,281	60,792
Administration	372,103	371,323	48,213	323,110
Total Disbursements	<u>541,396</u>	<u>541,396</u>	<u>157,494</u>	<u>383,902</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(365,396)</u>	<u>(365,396)</u>	<u>133,197</u>	<u>498,593</u>
Net Change in Fund Balance	(365,396)	(365,396)	133,197	498,593
Fund Balance - Beginning	<u>365,396</u>	<u>365,396</u>	<u>379,476</u>	<u>14,080</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 512,673</u>	<u>\$ 512,673</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 89,900	\$ 89,900	\$ 98,421	\$ 8,521
Interest	2,000	2,000	3,188	1,188
Total Receipts	<u>91,900</u>	<u>91,900</u>	<u>101,609</u>	<u>9,709</u>
DISBURSEMENTS				
Protection to Persons and Property	115,100	115,100	79,005	36,095
Capital Projects	194,671	194,671		194,671
Total Disbursements	<u>309,771</u>	<u>309,771</u>	<u>79,005</u>	<u>230,766</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(217,871)</u>	<u>(217,871)</u>	<u>22,604</u>	<u>240,475</u>
Net Change in Fund Balance	(217,871)	(217,871)	22,604	240,475
Fund Balance - Beginning	<u>217,871</u>	<u>217,871</u>	<u>253,097</u>	<u>35,226</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 275,701</u>	<u>\$ 275,701</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 11,105	\$ 11,105
Total Receipts			11,105	11,105
DISBURSEMENTS				
Protection to Persons and Property		400,000		
Administration		501,897	69,812	832,085
Total Disbursements		901,897	69,812	832,085
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(901,897)	(58,707)	843,190
Net Change in Fund Balance		(901,897)	(58,707)	843,190
Fund Balance - Beginning		901,897	901,897	
Fund Balance - Ending	\$	0	\$ 843,190	\$ 843,190

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

COUNTY CLERK STORAGE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 31,940	\$ 21,940
Interest			37	37
Total Receipts	<u>10,000</u>	<u>10,000</u>	<u>31,977</u>	<u>21,977</u>
DISBURSEMENTS				
Administration	<u>10,000</u>	<u>10,000</u>	<u>8</u>	<u>9,992</u>
Total Disbursements	<u>10,000</u>	<u>10,000</u>	<u>8</u>	<u>9,992</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>31,969</u>	<u>31,969</u>
Net Change in Fund Balance			31,969	31,969
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,969</u>	<u>\$ 31,969</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	PHASE I FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 350,000	\$ 387,500	\$ 387,500	\$
Interest			1,996	1,996
Total Receipts	<u>350,000</u>	<u>387,500</u>	<u>389,496</u>	<u>1,996</u>
DISBURSEMENTS				
Administration	<u>350,000</u>	<u>387,500</u>	<u>387,500</u>	
Total Disbursements	<u>350,000</u>	<u>387,500</u>	<u>387,500</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>1,996</u>	<u>1,996</u>
Net Change in Fund Balance			1,996	1,996
Fund Balance - Beginning			<u>354</u>	<u>354</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,350</u>	<u>\$ 2,350</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$	\$	\$ 52,541	\$ 52,541
Total Receipts			52,541	52,541
DISBURSEMENTS				
Administration	3,840,444	3,840,444		3,840,444
Total Disbursements	3,840,444	3,840,444		3,840,444
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,840,444)	(3,840,444)	52,541	3,892,985
Net Change in Fund Balance	(3,840,444)	(3,840,444)	52,541	3,892,985
Fund Balance - Beginning	3,840,444	3,840,444	3,840,698	254
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,893,239	\$ 3,893,239

BOURBON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

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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**BOURBON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2023

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BOURBON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,568,059	\$	\$	\$ 2,568,059
Buildings and Improvements	19,381,146			19,381,146
Vehicles and Equipment	1,697,815	260,126	67,466	1,890,475
Other Equipment	2,023,992		27,000	1,996,992
Infrastructure	10,902,362			10,902,362
Total Capital Assets	<u>\$ 36,573,374</u>	<u>\$ 260,126</u>	<u>\$ 94,466</u>	<u>\$ 36,739,034</u>

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

June 30, 2023

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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings and Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Other Equipment	\$ 2,500	3-25
Infrastructure	\$ 25,000	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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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 Michael R. Williams, Bourbon County Judge/Executive
Members of the Bourbon 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 Bourbon County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Bourbon County Fiscal Court's financial statement and have issued our report thereon dated December 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Bourbon 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 Bourbon County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bourbon County Fiscal Court'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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance And Other Matters

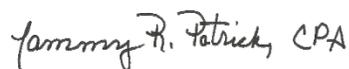
As part of obtaining reasonable assurance about whether the Bourbon County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)

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,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA
Patrick & Associates, LLC

December 28, 2023

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Bourbon 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.

A handwritten signature in blue ink that reads "Michael R. Williams". The signature is written in a cursive style and is positioned above a horizontal line.

County Judge/Executive

A handwritten signature in blue ink that reads "Danny H. Boone". The signature is written in a cursive style and is positioned above a horizontal line.

County Treasurer