

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

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



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
ANDERSON COUNTY OFFICIALS .....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	12
BUDGETARY COMPARISON SCHEDULES.....	33
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	46
SCHEDULE OF CAPITAL ASSETS.....	49
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	53
SCHEDULE OF FINDINGS AND RESPONSES.....	57
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Orbrey Gritton III, Anderson County Judge/Executive

Members of the Anderson 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 Anderson County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Anderson County Fiscal Court's financial statement as listed in the table of contents.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Anderson 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 Anderson 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 Anderson 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  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Orbrey Gritton III, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

### ***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 Anderson 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***

Anderson 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 Anderson 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 Anderson County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Orbrey Gritton III, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

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

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

**Other Matters**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Anderson 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 July 3, 2024, on our consideration of the Anderson 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 Anderson County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Orbrey Gritton III, Anderson County Judge/Executive  
Members of the Anderson County Fiscal Court

**Other Reporting Required by *Government Auditing Standards* (Continued)**

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

2023-001 The Anderson County Fiscal Court Did Not Have Internal Controls Over Budget Procedures

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

July 3, 2024



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

Orbrey Gritton	County Judge/Executive
Rodney Durr	Magistrate
Mike Riley	Magistrate
Juretta Wells	Magistrate
Dean Durr	Magistrate
David Montgomery	Magistrate
Kenny Barnett	Magistrate

**Other Elected Officials:**

Robert Wiedo	County Attorney
Tasha Hellard	Jailer
Jason Denny	County Clerk
Pamela Robinson	Circuit Court Clerk
Joe Milam	Sheriff
Brian Stivers	Property Valuation Administrator
Lora Harrison	Coroner

**Appointed Personnel:**

W. Dudley Shryock	County Treasurer/Data Processing Clerk
Kristy Denny	Finance Officer
Charlie Cammack	Deputy Judge/Executive
Glenn Hawkins	Road Supervisor
Beth Kaelin	911 Administrator
Amanda Wells	Personnel or Payroll Officer

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

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 2,847,029	\$	\$	\$
Excess Fees	176,267			
Licenses and Permits	106,129			
Intergovernmental	371,610	1,049,758	97,211	116,804
Charges for Services	335,634			
Miscellaneous	360,797			
Interest	8,213			
Total Receipts	<u>4,205,679</u>	<u>1,049,758</u>	<u>97,211</u>	<u>116,804</u>
<b>DISBURSEMENTS</b>				
General Government	1,238,734			
Protection to Persons and Property	363,103		698,591	6,333
General Health and Sanitation	406,604			
Social Services	34,515			
Recreation and Culture				
Roads		783,697		
Debt Service	111,031			94,657
Capital Projects		101,224		
Administration	2,998,679			
Total Disbursements	<u>5,152,666</u>	<u>884,921</u>	<u>698,591</u>	<u>100,990</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(946,987)</u>	<u>164,837</u>	<u>(601,380)</u>	<u>15,814</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	353,782			
Transfers From Other Funds	111,018		520,221	67,498
Transfers To Other Funds	(567)			
Total Other Adjustments to Cash (Uses)	<u>464,233</u>		<u>520,221</u>	<u>67,498</u>
Net Change in Fund Balance	(482,754)	164,837	(81,159)	83,312
Fund Balance - Beginning (Restated)	<u>801,480</u>	<u>1,035,770</u>	<u>43,850</u>	<u>25,711</u>
Fund Balance - Ending	<u>\$ 318,726</u>	<u>\$ 1,200,607</u>	<u>\$ (37,309)</u>	<u>\$ 109,023</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 667,508	\$ 1,200,607	\$ (37,309)	\$ 109,023
Plus: Deposits In Transit	84,516			
Less: Outstanding Checks	(433,298)			
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 318,726</u>	<u>\$ 1,200,607</u>	<u>\$ (37,309)</u>	<u>\$ 109,023</u>

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

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

<b>Budgeted Funds</b>						
<b>AEMS Fund</b>	<b>Park Fund</b>	<b>Capital Outlay Fund</b>	<b>Bond Fund</b>	<b>Courthouse Repair Fund</b>	<b>Emergency 911 Cellular Fund</b>	<b>Clerk Storage Fee Fund</b>
\$	\$	\$ 1,760,388	\$	\$	\$	\$
		55,021				
44,757				35,616		
1,696,048	57,672					37,900
38,222	29,511					
		1,694				
<u>1,779,027</u>	<u>87,183</u>	<u>1,817,103</u>		<u>35,616</u>		<u>37,900</u>
				193,082		21
2,731,250				7,040		
	344,093					
			164,654			
<u>2,731,250</u>	<u>344,093</u>		<u>164,654</u>	<u>200,122</u>		<u>21</u>
(952,223)	(256,910)	1,817,103	(164,654)	(164,506)		37,879
745,412	255,000		164,800	162,500	567	
		(2,019,449)				
<u>745,412</u>	<u>255,000</u>	<u>(2,019,449)</u>	<u>164,800</u>	<u>162,500</u>	<u>567</u>	
(206,811)	(1,910)	(202,346)	146	(2,006)	567	37,879
(211,186)	77	538,788	198	850	(567)	
<u>\$ (417,997)</u>	<u>\$ (1,833)</u>	<u>\$ 336,442</u>	<u>\$ 344</u>	<u>\$ (1,156)</u>	<u>\$ 0</u>	<u>\$ 37,879</u>
\$ (417,997)	\$ (1,833)	\$ 336,442	\$ 344	\$ (1,156)	\$	\$ 37,879
<u>\$ (417,997)</u>	<u>\$ (1,833)</u>	<u>\$ 336,442</u>	<u>\$ 344</u>	<u>\$ (1,156)</u>	<u>\$ 0</u>	<u>\$ 37,879</u>

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	<u>Total Funds</u>
	<u>Federal Fund</u>	<u>Opioid Settlement Fund</u>	<u>Park Land Acquisition Company Incorporated Fund</u>	
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$ 4,607,417
Excess Fees				176,267
Licenses and Permits				161,150
Intergovernmental	2,209,169			3,924,925
Charges for Services				2,127,254
Miscellaneous		167,288		595,818
Interest		171	39	10,117
Total Receipts	<u>2,209,169</u>	<u>167,459</u>	<u>39</u>	<u>11,602,948</u>
<b>DISBURSEMENTS</b>				
General Government				1,431,837
Protection to Persons and Property				3,799,277
General Health and Sanitation				413,644
Social Services				34,515
Recreation and Culture				344,093
Roads				783,697
Debt Service				370,342
Capital Projects				101,224
Administration	409,261			3,407,940
Total Disbursements	<u>409,261</u>	<u></u>	<u></u>	<u>10,686,569</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,799,908	167,459	39	916,379
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				353,782
Transfers From Other Funds				2,027,016
Transfers To Other Funds	(7,000)			(2,027,016)
Total Other Adjustments to Cash (Uses)	<u>(7,000)</u>	<u></u>	<u></u>	<u>353,782</u>
Net Change in Fund Balance	1,792,908	167,459	39	1,270,161
Fund Balance - Beginning	<u>1,475,669</u>	<u></u>	<u>49,431</u>	<u>3,760,071</u>
Fund Balance - Ending	<u>\$ 3,268,577</u>	<u>\$ 167,459</u>	<u>\$ 49,470</u>	<u>\$ 5,030,232</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 3,268,577	\$ 167,459	\$ 10,373	\$ 5,339,917
Plus: Deposits In Transit				84,516
Less: Outstanding Checks				(433,298)
Certificates of Deposit			39,097	39,097
Fund Balance - Ending	<u>\$ 3,268,577</u>	<u>\$ 167,459</u>	<u>\$ 49,470</u>	<u>\$ 4,980,762</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	12
NOTE 2.	DEPOSITS .....	15
NOTE 3.	TRANSFERS.....	15
NOTE 4.	LEASES .....	16
NOTE 5.	LONG-TERM DEBT .....	18
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM .....	25
NOTE 7.	DEFERRED COMPENSATION.....	29
NOTE 8.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT .....	29
NOTE 9.	INSURANCE.....	29
NOTE 10.	RELATED PARTY TRANSACTIONS.....	29
NOTE 11.	NEGATIVE FUND BALANCES .....	29
NOTE 12.	PRIOR PERIOD ADJUSTMENTS .....	30
NOTE 13.	CONTINGENCIES .....	30
NOTE 14.	CONDUIT DEBT.....	30

**ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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



**ANDERSON 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.

Anderson Emergency Medical Services Fund (AEMS) - The primary purpose of this fund is to account for the emergency medical response system of the county. The primary source of receipts for this fund is AEMS collections.

Park Fund - The primary purpose of this fund is to account for park receipts and disbursements. The primary sources of receipts for this fund are transfers from the capital outlay fund and charges to the public for participation in county/city sports leagues.

Capital Outlay Fund - The primary purpose of this fund is to help maintain other funds. The primary sources of receipts for this fund are insurance premium taxes. The majority of this fund's money is transferred to other funds to operate their budgets.

Bond Fund - The purpose of this fund is to account for bond proceeds and use of those proceeds for the energy savings project.

Courthouse Repair Fund - The primary purpose of this fund is to maintain the courthouse. The primary sources of receipts for this fund are transfers from the capital outlay fund and court fines and filing fees.

Emergency 911 Cellular Fund - The primary purpose of this fund is to account for wireless 911 cellular receipts and disbursements. The sole source of revenues for this fund is E-911 cellular receipts.

Clerk Storage Fee Fund - The primary purpose of this fund is to account for storage fees received by the county clerk and disbursed to the county treasurer, to be held in a fund for the county clerk's use and the county to disburse on the clerk's behalf.

Federal Fund - The purpose of this fund is to account for grant revenue from the American Rescue Plan Act and the use of those funds.

Opioid Fund - The primary purpose of this fund is to account for opioid settlement receipts and disbursements. The primary source of these funds is from the opioid settlement for the state.

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

Park Land Acquisition Company Incorporated Fund - The park land acquisition company incorporated fund was established for the purpose of acquiring and developing land for an Anderson County Park.

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Information**

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

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

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

The State Local Finance Officer does not require the park land acquisition company incorporated fund and the bond fund to be budgeted.

**E. Anderson County Elected Officials**

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Long-term Obligations**

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transfers**

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

	General Fund	Capital Outlay Fund	Federal Fund	Total Transfers In
General Fund	\$	\$ 104,018	\$ 7,000	\$ 111,018
Jail Fund		520,221		520,221
LGEA Fund		67,498		67,498
AEMS Fund		745,412		745,412
Park Fund		255,000		255,000
Bond Fund		164,800		164,800
Courthouse Repair Fund		162,500		162,500
Emergency 911 Cellular Fund	567			567
Total Transfers Out	<u>\$ 567</u>	<u>\$ 2,019,449</u>	<u>\$ 7,000</u>	<u>\$ 2,027,016</u>

Reason for transfers:

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

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

**Note 4. Leases**

**A. Fiscal Court Copier Lease Agreement**

The Anderson County Fiscal Court entered into a five-year lease agreement on September 25, 2018 as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$1,764. As of June 30, 2023, the value of the lease liability was \$441. The Anderson County Fiscal Court is required to make monthly principal payments of \$147.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 441
Total Minimum Lease Payments	\$ 441

**B. EMS Copier Lease Agreement**

The Anderson County Fiscal Court entered into a five-year lease agreement on February 21, 2020 as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$2,238. As of June 30, 2023, the value of the lease liability was \$3,730. The Anderson County Fiscal Court is required to make monthly principal payments of \$186.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year Ended June 30	Amount
2024	\$ 2,238
2025	1,492
Totals	\$ 3,730

**C. Animal Shelter Vehicle**

On May 9, 2022, the Anderson County Fiscal Court entered into a lease agreement to lease a vehicle for the use by the animal shelter. The vendor, on or about the date of delivery of the vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicle except for the use of the vehicle as described in the agreement. The lease term commences on the delivery date of the vehicle and end 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of the vehicle. During fiscal year 2023, the county had a total lease payment of \$9,352.

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

**Note 4. Leases (Continued)**

**C. Animal Shelter Vehicle (Continued)**

The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 6,491	\$ 2,861
2025	6,491	2,861
2026	6,491	2,861
2027	<u>5,950</u>	<u>2,623</u>
Totals	<u>\$ 25,423</u>	<u>\$ 11,206</u>

**D. Park Vehicle**

On October 6, 2022, the Anderson County Fiscal Court entered into a lease agreement to lease a truck for the use by the county. The vendor, on or about the date of delivery of the vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicle except for the use of the vehicle as described in the agreement. The lease term commences on the delivery date of the vehicle and end 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of the vehicle. During fiscal year 2023, the county had a total lease payment of \$6,567.

The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 6,567	\$ 2,045
2025	6,567	2,045
2026	6,567	2,045
2027	6,567	2,045
2028	<u>2,189</u>	<u>682</u>
Totals	<u>\$ 28,457</u>	<u>\$ 8,862</u>

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

**Note 4. Leases (Continued)**

**E. Road Department Vehicle**

On November 1, 2022, the Anderson County Fiscal Court entered into a lease agreement to lease a truck for the use by the county. The vendor, on or about the date of delivery of the vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicle except for the use of the vehicle as described in the agreement. The lease term commences on the delivery date of the vehicle and end 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of the vehicle. During fiscal year 2023, the county had a total lease payment of \$7,674.

The annual lease payments required under the leasing agreement at June 30, 2023 are as follows:

Fiscal Year Ended	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2024	\$ 8,743	\$ 2,767
2025	8,743	2,767
2026	8,743	2,767
2027	8,743	2,767
2028	<u>2,914</u>	<u>922</u>
Totals	<u>\$ 37,886</u>	<u>\$ 11,990</u>

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Financing Obligation – Sheriff’s Building**

Anderson County entered into a \$310,000 lease agreement on June 16, 2011, with the Kentucky Association of Counties Leasing Trust to purchase the former health department building to use as the sheriff’s office. The agreement requires monthly interest payments and a lump sum final payment. The effective interest rate was variable, and the agreement was to be paid in full by June 20, 2012. Anderson County refinanced this lease agreement with a second agreement for \$325,000 on October 19, 2011, also with Kentucky Association of Counties Leasing Trust. This agreement requires monthly principal and interest payments. The effective interest rate is 4.57 percent, and the agreement is to be paid in full by January 1, 2026. In the event of default, the lessor may terminate the lease and give notice to surrender the building within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property does not provide. The following schedule indicates principal and interest payments according to the original lease agreement.

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

**Note 5. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**1. Financing Obligation – Sheriff’s Building (Continued)**

The outstanding principal balance was \$67,500 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 25,000	\$ 3,407
2025	27,500	2,370
2026	15,000	1,041
Totals	<u>\$ 67,500</u>	<u>\$ 6,818</u>

**2. Financing Obligation – County Clerk’s Building**

Anderson County entered into a \$320,000 lease agreement on April 3, 2014, with the Kentucky Association of Counties Leasing Trust to acquire a building for the county clerk’s office. This agreement requires monthly principal and interest payments. The effective interest rate is 4.623 percent, and the agreement is to be paid in full by December 20, 2033. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$187,500 as of June 30, 2023. Future principal and interest requirement are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 15,000	\$ 7,994
2025	15,000	7,506
2026	15,000	6,944
2027	15,000	6,306
2028	17,500	5,669
2029-2033	100,000	16,125
2034-2038	10,000	550
Totals	<u>187,500</u>	<u>51,094</u>

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

**Note 5. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**3. Financing Obligation – Heart Monitors**

Anderson County entered into a \$188,155 lease a on September 14, 2017, with the Kentucky Association of Counting Leasing Trust to purchase heart monitors. This agreement requires monthly principal and interest payments. The effective interest rate is 3.50 percent, and the agreement is to be paid in full by September 20, 2024. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the amount of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding balance was \$36,524 as of June 30, 2023. Future principal and interest requirement are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 29,112	\$ 814
2025	<u>7,412</u>	<u>43</u>
Totals	<u>\$ 36,524</u>	<u>\$ 857</u>

**4. Financing Obligation – Ambulance**

Anderson County entered into a \$120,124 lease agreement on July 2, 2019, with the Kentucky Association of Counties Leasing Trust to purchase an ambulance. This agreement requires monthly principal and interest payments. The effective interest rate is 3.90 percent, and the agreement is to be paid in full by July 20, 2022. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$0 as of June 30, 2023. All principal and interest requirements were paid off.

**5. Financing Obligation – Ambulance**

Anderson County entered into a \$117,235 lease agreement on August 26, 2019, with the Kentucky Association of Counties Leasing Trust to purchase an ambulance. This agreement requires monthly principal and interest payments. The effective interest rate is 3.77 percent, and the agreement is to be paid in full by October 20, 2022. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$0 as of June 30, 2023. All principal and interest requirements were paid off.



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

**Note 5. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**6. Financing Obligation – AEMS Building**

Anderson County entered into a \$300,000 lease agreement with a lease premium of \$40,000, on April 8, 2021, with the Kentucky Association of Counties Leasing Trust to construct a building for AEMS. This agreement requires monthly principal and interest payments. The effective interest rate is 2.07 percent, and the agreement is to be paid in full by February 1, 2031. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$220,000 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 25,000	\$ 12,087
2025	25,000	11,025
2026	25,000	9,712
2027	25,000	8,400
2028	25,000	7,087
2029-2033	<u>95,000</u>	<u>11,605</u>
Totals	<u>\$ 220,000</u>	<u>\$ 59,915</u>

**7. Financing Obligation – Sheriff Vehicle**

Anderson County entered into a \$224,425 lease agreement on August 8, 2019, with the Kentucky Association of Counties Leasing Trust to purchase sheriff vehicles. This agreement requires monthly principal and interest payments. The effective interest rate is 3.75 percent, and the agreement is to be paid in full by August 20, 2026. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The remaining principal balance of \$101,525 was deemed to be paid in full as of June 30, 2023 when sheriff's office returned vehicles to dealership as trade-ins.

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

**Note 5. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**8. Financing Obligation – Voting Machines**

Anderson County entered into a \$240,051 lease agreement on July 20, 2021, with the Kentucky Association of Counties Leasing Trust to purchase voting machines. This agreement requires monthly principal and interest payments. The effective interest rate is 3.29 percent, and the agreement is to be paid in full by July 20, 2028. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$179,226 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 33,211	\$ 5,562
2025	34,184	4,422
2026	35,185	3,247
2027	36,215	2,039
2028	37,276	795
2029	3,155	9
Totals	<u>\$ 179,226</u>	<u>\$ 16,073</u>

**9. Financing Obligation – Coroner’s Vehicle**

Anderson County entered into a \$38,169 lease agreement on October 20, 2021, with the Kentucky Association of Counties Leasing Trust to purchase a vehicle. This agreement requires monthly principal and interest payments. The effective interest rate is 3.74 percent, and the agreement is to be paid in full by November 20, 2024. In the event of default, the lessor may terminate the lease and give notice to surrender the vehicle within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the vehicle does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$18,636 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 13,052	\$ 475
2025	5,584	52
Totals	<u>\$ 18,636</u>	<u>\$ 527</u>

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

**Note 5. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**10. Financing Obligation – Ambulance KACOLT #40**

Anderson County entered into a \$139,919 lease agreement on November 20, 2021, with the Kentucky Association of Counties Leasing Trust to purchase an ambulance. This agreement requires monthly principal and interest payments. The effective interest rate is 2.90 percent, and the agreement is to be paid in full by November 20, 2024. In the event of default, the lessor may terminate the lease and give notice to surrender the vehicle within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the vehicle does not provide. The following schedule indicates principal and interest payments according to the original lease agreement. The outstanding principal balance was \$67,257 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 47,268	\$ 1,325
2025	19,989	145
Totals	<u>\$ 67,257</u>	<u>\$ 1,470</u>

**11. Financing Obligation – Sheriff Vehicle**

Anderson County entered into a \$353,782 lease agreement on June 23, 2023, with the Kentucky Association of Counties Leasing Trust to purchase sheriff vehicles. This agreement requires monthly principal and interest payments. The effective interest rate is 5.44 percent, and the agreement is to be paid in full by August 20, 2029. In the event of default, the lessor may terminate the lease and give notice to surrender the equipment within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the equipment for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the equipment does not provide. The following schedule indicated principal and interest payments according to the original lease agreement. The outstanding principal balance was \$353,782 as of June 30, 2023. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 51,971	\$ 18,399
2025	54,847	15,063
2026	57,476	12,014
2027	60,230	8,819
2028	63,117	5,471
2029	66,141	1,963
Totals	<u>\$ 353,782</u>	<u>\$ 61,728</u>

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

**Note 5. Long-term Debt (Continued)**

**B. Other Debt**

**1. General Obligation Bonds**

Anderson County issued \$1,700,000 in general obligation bonds to finance an energy project for the county. Semi-annual interest and bond payments beginning April 1, 2021, at 3 percent. Principal payments on the debt begin on April 1, 2021. The outstanding principal balance as of June 30, 2023, was \$1,515,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2024	\$ 80,000	\$ 45,450
2025	85,000	43,050
2026	85,000	40,500
2027	90,000	37,950
2028	90,000	35,250
2029-2033	495,000	133,800
2034-2038	435,000	59,550
2039-2043	155,000	7,050
Totals	<u>1,515,000</u>	<u>402,600</u>

**C. Changes In Long-term Debt**

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

	(Restated*) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	\$ 1,106,832	\$ 353,782	\$ 330,190	\$ 1,130,424	\$ 239,614
General Obligation Bonds	<u>1,595,000</u>		<u>80,000</u>	<u>1,515,000</u>	<u>80,000</u>
Total Long-term Debt	<u>\$ 2,701,832</u>	<u>\$ 353,782</u>	<u>\$ 410,190</u>	<u>\$ 2,645,424</u>	<u>\$ 319,614</u>

\* The beginning balance for direct borrowing and direct places were restated by \$45,981 due to an error in the prior year.

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

**Note 5. Long-term Debt (Continued)**

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 80,000	\$ 45,450	\$ 239,614	\$ 50,063
2025	85,000	43,050	189,516	40,625
2026	85,000	40,500	147,661	32,958
2027	90,000	37,950	136,445	25,563
2028	90,000	35,250	142,893	19,021
2029-2033	495,000	133,800	264,296	29,702
2034-2038	435,000	59,550	10,000	550
2039-2043	155,000	7,050		
Totals	<u>\$ 1,515,000</u>	<u>\$ 402,600</u>	<u>\$ 1,130,425</u>	<u>\$ 198,482</u>

**Note 6. 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 \$949,376, FY 2022 was \$1,178,281, and FY 2023 was \$1,175,048.

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.

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

**Note 6. 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 26.79 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 49.59 percent.

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

**Note 6. 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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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.

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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (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.

G. 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.



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

**Note 7. Deferred Compensation**

The Anderson 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 8. Health Reimbursement Account/Flexible Spending Account**

The Anderson Fiscal Court established a flexible spending account on June 29, 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 each eligible employee providing various amounts based on the health insurance the employee has, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction.

**Note 9. Insurance**

For the fiscal year ended June 30, 2023, the Anderson 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 10. Related Party Transaction**

For fiscal year end June 30, 2022, Anderson County officials disclosed the following related party transaction:

- The wife of a magistrate owns a cleaning service that Anderson County spent \$48,990 with during the fiscal year.

**Note 11. Negative Fund Balances**

As of June 30, 2023, the AEMS Fund had a negative fund balance in the amount of \$417,997. The deficit in the AEMS Fund was due to the prior year revenues from the capital outlay fund being included in the AEMS Fund and the prior year audit was concluded after the ability for management to make the reclassification. The capital outlay fund and the general fund both cover AEMS funds when necessary.

The Jail Fund had a negative fund balance in the amount of \$37,309, the Park Fund had a negative balance of \$1,833, and Courthouse Repair Fund had a negative balance of \$1,156. These deficits were due to issuing checks prior to having funds available to cover the checks.

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

**Note 12. Prior Period Adjustments**

	<b>General Fund</b>	<b>AEMS Fund</b>	<b>Capital Outlay Fund</b>	<b>Park Land Acquisition Company Incorporated Fund</b>
Beginning Balance - June 30, 2022	\$ 801,478	\$ (211,188)	\$ 538,791	\$ 49,352
Adjustments:				
Interest Earned Prior Year				78
Immaterial Adjustment	2	2	(3)	1
Restated Beginning Balance - June 30, 2022	<u>\$ 801,480</u>	<u>\$ (211,186)</u>	<u>\$ 538,788</u>	<u>\$ 49,431</u>

**Note 13. Contingencies**

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

**Note 14. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to third parties 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 the Anderson 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. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**ANDERSON COUNTY  
BUDGETARY COMPARISON SCHEDULES  
Supplementary Information - Regulatory Basis**

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

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**ANDERSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,571,000	\$ 3,132,000	\$ 2,847,029	\$ (284,971)
Excess Fees		176,000	176,267	267
Licenses and Permits	89,000	89,000	106,129	17,129
Intergovernmental	166,000	363,200	371,610	8,410
Charges for Services	298,000	298,000	335,634	37,634
Miscellaneous	374,807	374,807	360,797	(14,010)
Interest	600	600	8,213	7,613
Total Receipts	<u>3,499,407</u>	<u>4,433,607</u>	<u>4,205,679</u>	<u>(227,928)</u>
<b>DISBURSEMENTS</b>				
General Government	1,037,373	1,039,764	1,238,734	(198,970)
Protection to Persons and Property	13,823	9,338	363,103	(353,765)
General Health and Sanitation	274,568	406,865	406,604	261
Social Services	36,515	34,515	34,515	
Debt Service	111,529	111,033	111,031	2
Administration	2,192,200	2,998,693	2,998,679	14
Total Disbursements	<u>3,666,008</u>	<u>4,600,208</u>	<u>5,152,666</u>	<u>(552,458)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(166,601)</u>	<u>(166,601)</u>	<u>(946,987)</u>	<u>(780,386)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			353,782	353,782
Transfers From Other Funds	12,283	12,283	111,018	98,735
Transfers To Other Funds	(15,851)	(15,851)	(567)	15,284
Total Other Adjustments to Cash (Uses)	<u>(3,568)</u>	<u>(3,568)</u>	<u>464,233</u>	<u>467,801</u>
Net Change in Fund Balance	(170,169)	(170,169)	(482,754)	(312,585)
Fund Balance - Beginning (Restated)	<u>170,169</u>	<u>170,169</u>	<u>801,480</u>	<u>631,311</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 318,726</u>	<u>\$ 318,726</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 994,904	\$ 1,264,904	\$ 1,049,758	\$ (215,146)
Total Receipts	994,904	1,264,904	1,049,758	(215,146)
<b>DISBURSEMENTS</b>				
Roads	894,904	2,198,679	783,697	1,414,982
Capital Projects	100,000	101,225	101,224	1
Total Disbursements	994,904	2,299,904	884,921	1,414,983
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,035,000)	164,837	1,199,837
Net Change in Fund Balance		(1,035,000)	164,837	1,199,837
Fund Balance - Beginning		1,035,000	1,035,770	770
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,200,607	\$ 1,200,607

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 115,000	\$ 115,000	\$ 97,211	\$ (17,789)
Total Receipts	<u>115,000</u>	<u>115,000</u>	<u>97,211</u>	<u>(17,789)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	795,221	839,021	698,591	140,430
Total Disbursements	<u>795,221</u>	<u>839,021</u>	<u>698,591</u>	<u>140,430</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(680,221)</u>	<u>(724,021)</u>	<u>(601,380)</u>	<u>122,641</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	680,221	680,221	520,221	(160,000)
Total Other Adjustments to Cash (Uses)	<u>680,221</u>	<u>680,221</u>	<u>520,221</u>	<u>(160,000)</u>
Net Change in Fund Balance		(43,800)	(81,159)	(37,359)
Fund Balance - Beginning		<u>43,800</u>	<u>43,850</u>	<u>50</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (37,309)</u>	<u>\$ (37,309)</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 60,000	\$ 116,000	\$ 116,804	\$ 804
Total Receipts	<u>60,000</u>	<u>116,000</u>	<u>116,804</u>	<u>804</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,389	6,333	6,333	
Debt Service	125,109	177,165	94,657	82,508
Total Disbursements	<u>127,498</u>	<u>183,498</u>	<u>100,990</u>	<u>82,508</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(67,498)</u>	<u>(67,498)</u>	<u>15,814</u>	<u>83,312</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	67,498	67,498	67,498	
Total Other Adjustments to Cash (Uses)	<u>67,498</u>	<u>67,498</u>	<u>67,498</u>	
Net Change in Fund Balance			83,312	83,312
Fund Balance - Beginning			<u>25,711</u>	<u>25,711</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,023</u>	<u>\$ 109,023</u>



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

	<b>AEMS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 44,757	\$ 17,757
Charges for Services	1,500,000	1,500,000	1,696,048	196,048
Miscellaneous	40,000	40,000	38,222	(1,778)
Total Receipts	<u>1,567,000</u>	<u>1,567,000</u>	<u>1,779,027</u>	<u>212,027</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,884,712	2,511,712	2,731,250	(219,538)
Total Disbursements	<u>1,884,712</u>	<u>2,511,712</u>	<u>2,731,250</u>	<u>(219,538)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(317,712)</u>	<u>(944,712)</u>	<u>(952,223)</u>	<u>(7,511)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	317,712	917,712	745,412	(172,300)
Total Other Adjustments to Cash (Uses)	<u>317,712</u>	<u>917,712</u>	<u>745,412</u>	<u>(172,300)</u>
Net Change in Fund Balance		(27,000)	(206,811)	(179,811)
Fund Balance - Beginning (Restated)		<u>27,000</u>	<u>(211,186)</u>	<u>(238,186)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (417,997)</u>	<u>\$ (417,997)</u>

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

	<b>PARK FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 66,000	\$ 66,000	\$ 57,672	\$ (8,328)
Miscellaneous	20,000	20,000	29,511	9,511
Total Receipts	<u>86,000</u>	<u>86,000</u>	<u>87,183</u>	<u>1,183</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	230,178	355,178	344,093	11,085
Total Disbursements	<u>230,178</u>	<u>355,178</u>	<u>344,093</u>	<u>11,085</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(144,178)</u>	<u>(269,178)</u>	<u>(256,910)</u>	<u>12,268</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	144,178	269,178	255,000	(14,178)
Total Other Adjustments to Cash (Uses)	<u>144,178</u>	<u>269,178</u>	<u>255,000</u>	<u>(14,178)</u>
Net Change in Fund Balance			(1,910)	(1,910)
Fund Balance - Beginning			<u>77</u>	<u>77</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,833)</u>	<u>\$ (1,833)</u>

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

	<b>CAPITAL OUTLAY FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,760,388	\$ 310,388
Licenses and Permits	50,000	50,000	55,021	5,021
Interest	530	530	1,694	1,164
Total Receipts	<u>1,500,530</u>	<u>1,500,530</u>	<u>1,817,103</u>	<u>316,573</u>
<b>DISBURSEMENTS</b>				
General Government	<u>5,400</u>	<u>5,400</u>		<u>5,400</u>
Total Disbursements	<u>5,400</u>	<u>5,400</u>		<u>5,400</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,495,130</u>	<u>1,495,130</u>	<u>1,817,103</u>	<u>321,973</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds				
Transfers To Other Funds	<u>(1,495,130)</u>	<u>(1,495,130)</u>	<u>(2,019,449)</u>	<u>(524,319)</u>
Total Other Adjustments to Cash (Uses)	<u>(1,495,130)</u>	<u>(1,495,130)</u>	<u>(2,019,449)</u>	<u>(524,319)</u>
Net Change in Fund Balance			(202,346)	(202,346)
Fund Balance - Beginning (Restated)			<u>538,788</u>	<u>538,788</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 336,442</u>	<u>\$ 336,442</u>

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

	<b>BOND FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
Total Receipts				
<b>DISBURSEMENTS</b>				
Debt Service	160,562	164,655	164,654	1
Capital Projects		5,907		5,907
Total Disbursements	160,562	170,562	164,654	5,908
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(160,562)	(170,562)	(164,654)	5,908
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	160,562	160,562	164,800	4,238
Total Other Adjustments to Cash (Uses)	160,562	160,562	164,800	4,238
Net Change in Fund Balance		(10,000)	146	10,146
Fund Balance - Beginning			198	198
Fund Balance - Ending	\$ 0	\$ 0	\$ 344	\$ 10,344

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

	<b>COURTHOUSE REPAIR FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 20,000	\$ 27,000	\$ 35,616	\$ 8,616
Total Receipts	<u>20,000</u>	<u>27,000</u>	<u>35,616</u>	<u>8,616</u>
<b>DISBURSEMENTS</b>				
General Government	147,027	198,423	193,082	5,341
General Health and Sanitation	1,500	7,104	7,040	64
Total Disbursements	<u>148,527</u>	<u>205,527</u>	<u>200,122</u>	<u>5,405</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(128,527)</u>	<u>(178,527)</u>	<u>(164,506)</u>	<u>14,021</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>128,527</u>	<u>178,527</u>	<u>162,500</u>	<u>(16,027)</u>
Total Other Adjustments to Cash (Uses)	<u>128,527</u>	<u>178,527</u>	<u>162,500</u>	<u>(16,027)</u>
Net Change in Fund Balance			(2,006)	(2,006)
Fund Balance - Beginning			<u>850</u>	<u>850</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,156)</u>	<u>\$ (1,156)</u>

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

**EMERGENCY 911 CELLULAR FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
Total Receipts				
<b>DISBURSEMENTS</b>				
General Government				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			567	567
Total Other Adjustments to Cash (Uses)			567	567
Net Change in Fund Balance			567	567
Fund Balance - Beginning			(567)	(567)
Fund Balance - Ending	\$	0	\$	0
	\$	0	\$	0
	\$	0	\$	0
	\$	0	\$	0

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

**CLERK STORAGE FEE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$	\$	\$ 37,900	\$ 37,900
Total Receipts			37,900	37,900
<b>DISBURSEMENTS</b>				
General Government			21	(21)
Total Disbursements			21	(21)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			37,879	37,879
Net Change in Fund Balance			37,879	37,879
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 37,879	\$ 37,879

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

	<b>FEDERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 2,229,169	\$ 2,209,169	\$ (20,000)
Total Receipts		2,229,169	2,209,169	(20,000)
<b>DISBURSEMENTS</b>				
Administration		1,619,169	3,848,338	409,261
Total Disbursements		1,619,169	3,848,338	409,261
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,619,169)	(1,619,169)	1,799,908
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			\$ (7,000)	
Total Other Adjustments to Cash (Uses)			(7,000)	
Net Change in Fund Balance		(1,619,169)	(1,619,169)	1,792,908
Fund Balance - Beginning		1,619,169	1,619,169	1,475,669
Fund Balance - Ending	\$	0	\$ 3,268,577	\$ 3,268,577



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

<b>OPIOID SETTLEMENT FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 167,288	\$ 167,288
Interest			171	171
Total Receipts			167,459	167,459
<b>DISBURSEMENTS</b>				
Administration				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			167,459	167,459
Net Change in Fund Balance			167,459	167,459
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 167,459	\$ 167,459

**ANDERSON 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.

**Note 2. Excess of Disbursements Over Appropriations**

The Anderson County Fiscal Court exceeded the budgeted appropriations for the following line items in the following funds:

General Fund:

- General Government by \$198,970
- Protection to Persons and Property by \$353,765

AEMS Fund:

- Protection to Persons and Property by \$219,538

Clerk Storage Fee Fund:

- General Government by \$21

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

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

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**ANDERSON 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 and Land Improvements	\$ 1,088,151	\$	\$	\$ 1,088,151
Buildings	10,526,829	12,918		10,539,747
Vehicles and Equipment	3,470,182	241,143		3,711,325
Other Equipment	1,520,334	620,719		2,141,053
Infrastructure	12,693,306	65,688		12,758,994
 Total Capital Assets	 <u>\$ 29,298,802</u>	 <u>\$ 940,468</u>	 <u>\$ 0</u>	 <u>\$ 30,239,270</u>

**ANDERSON 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.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 10,000	40
Buildings	\$ 25,000	40
Vehicles and Equipment	\$ 10,000	10
Other Equipment	\$ 10,000	10
Infrastructure	\$ 20,000	10

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Orbrey Gritton III, Anderson County Judge/Executive  
Members of the Anderson 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 Anderson County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Anderson County Fiscal Court's financial statement and have issued our report thereon dated July 3, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Anderson 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 Anderson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Anderson County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-001 to be a material weakness.



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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Anderson County Fiscal Court's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

July 3, 2024

**ANDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**ANDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDING:

2023-001 The Anderson County Fiscal Court Did Not Have Internal Controls Over Budget Procedures

The Anderson County Fiscal Court overspent the budget in three funds, made transfers without timely approval, and had negative cash balances in four funds. In addition, prior period adjustment to beginning cash balances were not made. The following discrepancies were noted during the audit:

- Disbursements exceeded the budget in the General Fund by \$552,458, AEMS Fund by \$219,538, and Clerk Storage Fee Fund by \$21.
- On April 7, 2023, the Anderson County Treasurer transferred \$1,065,431 from the Capital Outlay Fund to the Jail Fund (\$520,221), the LGEA Fund (\$67,498), the AEMS Fund (\$317, 712), and the Park Fund (\$160,000). These transfers were not approved by the fiscal court until June 6, 2023, with the first reading of Ordinance 2023-4, Budget Amendment #1.
- The cash balances in the Jail, AEMS, Park, and Courthouse Repair funds were negative at the end of the fiscal year. The ending balance in the Jail Fund was (\$37,309), AEMS Fund balance was (\$417,997), Park Fund balance was (\$1,833), and the Courthouse Repair Fund ended in a balance of (\$1,156).
- The county did not make prior period adjustments to correct their beginning balance in two funds due to the timing of the completion of the audit for the fiscal year ended June 30, 2021. This caused the beginning balance in the Capital Outlay Fund to be understated by \$235,918 and AEMS Fund to be overstated by the same amount. Total fund balances are correct.
- The county did not properly budget for new debt incurred during FY 2023 of \$353,782 on their fourth quarter report per Department of Local Government guidelines. The county entered in the debt agreement on June 23, 2023.

The fiscal court did not have controls in place to establish appropriate oversight of the budget and financial activities. The treasurer stated that these funds ended in negative balances because several invoices came in at year-end and transfers could not be made timely to cover them. The fiscal court's failure to establish effective internal controls over the budget resulted in numerous instances of noncompliance as reflected above. Strong internal controls and management oversight are vital to ensure proper monitoring of budget and financial activity throughout the year.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. Per the manual, it is necessary to amend the budget to reflect the receipt and expenditure of funds received that were not part of the original budget document. An amendment of this nature should be made immediately upon receipt of those funds. Budget amendments may also be made if the county receives unanticipated revenues or revenues exceeding the budgeted estimates.

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

**ANDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2023  
(Continued)**

FINANCIAL STATEMENT FINDING: (Continued)

2023-001 The Anderson County Fiscal Court Did Not Have Internal Controls Over Budget Procedures  
(Continued)

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We recommend the fiscal court and the county treasurer monitor the budget more closely and amend the county's budget or transfer necessary appropriations in order to prevent the county from exceeding the budget. The county should ensure these amendments are approved before the expenditures are made. We recommend the county make prior period adjustments to correct their beginning balances for the Capital Outlay Fund and AEMS Fund. Furthermore, we recommend the county properly present and budget new debt per Department for Local Government guidelines.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The county judge/executive did not provide a response.*

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

**ANDERSON COUNTY FISCAL COURT**

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


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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
ANDERSON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Anderson 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.



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County Judge/Executive



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County Treasurer