

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

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



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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 Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County Fiscal Court, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Boone County Fiscal Court's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boone County Fiscal Court, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 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 Statements section of our report. We are required to be independent of Boone 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.

Responsibilities of Management for the Financial Statements

Boone County Fiscal Court's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boone County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 statements.

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Assisted Housing, which represent 59 percent and 60 percent, respectively, of the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boone County Assisted Housing Department, is based solely on the report of the other auditors. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Boone 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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boone County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 17, the Budgetary Comparison Schedules on pages 79 through 81, the Condition Rating of the County's Street System on page 84, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 87 and 88, and the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions on page 89 and 90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boone County Fiscal Court's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, on our consideration of the Boone 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 the Boone County Fiscal Court's 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 Boone County Fiscal Court's internal control over financial reporting and compliance.

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

2023-001 The County Improperly Identified Two Contractors As Subrecipients

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

October 9, 2024

BOONE COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Gary W. Moore	County Judge/Executive
Cathy Flaig	Commissioner
Charles E. Kenner, DMD (Through December 31, 2022)	Commissioner
Chet Hand (Effective January 1, 2023)	Commissioner
Jesse Brewer	Commissioner

Other Elected Officials:

Robert D. Neace (Through December 31, 2022)	County Attorney
Jordan Dallas Turner (Effective January 1, 2023)	County Attorney
Jason Maydak	Jailer
Justin Crigler	County Clerk
David Martin	Circuit Court Clerk
Michael A. Helmig	Sheriff
Cindy Arlinghaus Martin (Through December 31, 2022)	Property Valuation Administrator
Jonathan Brown (Effective January 1, 2023)	Property Valuation Administrator
Elizabeth Rittinger	Coroner

Appointed Personnel:

Robert Notton, CPA	County Treasurer
Robert Franxman	County Engineer

Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited

Management's discussion and analysis (MD&A) of the Boone County Fiscal Court's (the County) financial performance provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2023.

Financial Highlights

- As of June 30, 2023, the County's net position was \$402,231,306, which is an increase of \$20,608,764 or 5.4% over the prior year. Total current assets of \$153,162,597 increased by \$4,011,959 or 2.7% and the noncurrent and capital assets (including deferred outflows) increased by \$11,729,118 or 3.5%.
 - The \$4,011,959 net increase in current assets is attributable to strong occupational license and net profit collections, as well as investment earnings.
 - Total liabilities increased \$482,404 or 0.5% when compared with the previous year.
- Program revenues offset 31.8% of Boone County's governmental activity expenses, totaling \$102,956,385. Program revenues consist of grants, contributions, and charges for services that are identifiable by function and the County collects to complement its use of general revenue.
- Boone County's total bond indebtedness decreased by \$1,215,000. As of June 30, 2023, the County has \$4,100,000 of outstanding bonds, of which \$80,000 is due within one year. These consist entirely of General Obligation Bonds.
- Through budgeted expenditures, grants and in-kind donations, the County capitalized approximately \$16.8 million in long-lived assets during FY23. Significant additions include the following:
 - The County continues to make progress on several infrastructure improvements relating to local roads and sidewalks.
 - Donated subdivision roads of approximately \$4,040,000.
 - New animal shelter construction-in-progress of approximately \$4,304,000.
 - Sheriff and other county vehicles of approximately \$1,609,000.
 - Purchase of the land comprising England-Idlewild Park and the new dog park from the airport for approximately \$1,487,000.
 - Woolper Road stabilization project for approximately \$493,000.

Overview of the Financial Statements

The MD&A serves as an introduction to the County's basic financial statements, which consists of two government-wide financial statements and various fund financial statements. The County's financial statements and components are listed and explained below:

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

Government-wide Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities. The financial statements include all activities for which the Boone County Fiscal Court is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government.

The primary government includes the following legal entity:

- Boone County Public Properties Corporation

The financial information of the County "as a whole" is reported in the two government-wide financial statements (pages 21 through 24). One of the most important questions to ask is whether the County is in better financial shape as a result of the year's activities. The two government-wide financial statements will help answer this question. These two statements report on the County's net position and changes from the prior period. You can think of the County's net position - the difference between assets and liabilities - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or declining. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the roads and other infrastructure, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County is divided into two types of activities: governmental and business.

- **Governmental Activities** - Most of the County's basic services are reported in this section, including police protection, roads and public works, parks, jail, emergency management, water rescue, building inspection, animal care and control, and social services. The internal service fund for Self-Insurance is also included in the governmental activities totals. Governmental activities also include the general administration of the County, all capital projects and mental health, intellectual disabilities, and aging programs. These programs and services are funded 31.8% by program revenues which include charges for services and federal, state, and local operating and capital grants. The Statement of Activities shows a positive change in net position of \$20,182,987. Revenues increased \$15,797,598 or 14.7% when compared with the previous year and the expenses increased by \$16,061,877 or 18.5%.
- **Business-Type Activities** - The County has the following business-type funds; the Jail Canteen, Assisted Housing, and Golf Course. Generally, these funds charge a fee to customers to help cover the cost of these activities. Current year program revenues covered 105.5% of service costs. The Jail Canteen, Assisted Housing, and Golf Course fund all experienced an increase in net position. The Golf Course transferred a net \$212,334 to the General Fund. The combined operations of all business-type activities resulted in a positive change in net position of \$425,777.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

Fund Financial Statements

The fund financial statements (pages 25 - 36) focus on the individual funds of the County's government. These fund financial statements report the County's operations in more detail than the government-wide statements by providing information on the County's most significant funds. The four funds deemed "major" are general, road and bridge, utility development, and capital improvements funds.

- Governmental funds are used to report most of the County's basic services. These funds provide a short-term view of the County's operations. The County currently has thirteen governmental funds and adopts a budget for each except Public Properties, Self-Insurance and HRA accounts. These funds provide the reader with information to help determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs. Narrative describing the difference between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are included in the reconciliations on pages 26 and 28.
- Proprietary funds consist of enterprise funds and internal services funds. The focus for the enterprise funds is to be self-sufficient and they are used to report operations the County treats as business-type activities. The County charges either outside customers or other units of government for services reported in these funds. The County currently has three enterprise funds: Jail Canteen Fund, Assisted Housing Fund, and Golf Course Fund. The Self-Insurance and HRA Funds are combined and considered an internal service fund and therefore combined in the governmental activities portion of the government wide statements.
- Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for another group or individual. Activities from these types of funds are not included in the government wide financial statements because the County cannot use the assets from the funds in daily operations. The County currently has seven fiduciary funds: Jail Prisoners Fund, School Board Tax Fund, Motor Vehicle Rental Tax Fund, Bullittsville Cemetery Trust Fund, Flexible Spending Account, Health Reimbursement Account, and Early Childhood Fund.

Notes to the Financial Statements

The notes to the financial statements (pages 38 - 76) provide expanded explanation about the government-wide and fund financial statements and are essential to the reader in obtaining a better understanding of the information provided within the financial statements.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

Required Supplementary Information

The budgetary comparison schedules (pages 79 - 81) for three major operating governmental funds provide information that supplements the government wide and fund financial statements.

The other required information is the Condition Rating of the County's Street System. The Public Works Department is utilizing the modified approach method in valuing the County's maintained road system. The modified approach establishes a minimum condition level set for all Boone County maintained roads. The Public Works Department will maintain the necessary condition level through its Pavement Management Program which establishes a Pavement Condition Index (PCI) when the roads are analyzed (every 3 to 4 years) on a range from 0 to 100. The County has and will continue its commitment to preserve and maintain the road system at a level of at least 65 or higher. Using this approach, the roads will maintain the asset value of construction or historic cost, whichever is available, and will not depreciate each year. The recorded value of the road will not change unless a significant change in condition or use of the road occurs. Each year the Public Works Department is responsible for maintaining this condition level and the Fiscal Court is responsible for budgeting annually the estimated amount to expend for maintaining all roads at this level. When a road/street is scheduled to fall below the minimum PCI in a given fiscal year, the road/street will be listed to be rehabilitated in that year and placed on the yearly paving list submitted to the Court through the budget process. The PCI is upgraded upon rehabilitation and by doing this the County fulfills the requirements of the Modified Approach. For more information relating to the Condition Rating of the County's Street System, please see its more detailed report on page 84.

Supplementary Information

The Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances- Nonmajor Governmental Funds (pages 92 - 93) present the activities of the nonmajor governmental funds.

Basis of Accounting

The County has converted all financial information to the modified accrual basis of accounting as required by generally accepted accounting principles (GAAP). Under this basis of accounting, revenues are recorded when the resources are measurable and available, and expenditures are recorded in the accounting period in which the related fund liability is incurred. In previous years, certain assets such as accounts receivable and certain liabilities such as accounts payable were not recorded in the financial statements, therefore limiting the reader of the full effect of the financial statements. The Boone County budget is adopted on a cash basis of accounting, which is required by the Kentucky Constitution. The schedule on pages 82 through 83 reconciles the actual results of the cash basis budget and the accrual basis fund statements.

Financial Analysis of the County as a Whole

The following sections provide condensed financial information derived from the two government-wide financial statements along with a comparison of the prior year.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Current Assets	\$ 149,696,407	\$ 145,623,531	\$ 3,466,190	\$ 3,527,107	\$ 153,162,597	\$ 149,150,638
Noncurrent Assets	19,410,529	17,991,281	153,016	385,756	19,563,545	18,377,037
Capital Assets	314,533,588	303,631,023	6,786,056	6,694,942	321,319,644	310,325,965
Total Assets	483,640,524	467,245,835	10,405,262	10,607,805	494,045,786	477,853,640
Deferred Outflows of Resources	8,967,484	9,355,598	556,182	619,137	9,523,666	9,974,735
Total Assets and Deferred Outflows of Resources	492,608,008	476,601,433	10,961,444	11,226,942	503,569,452	487,828,375
Current Liabilities	36,278,187	40,746,681	496,082	800,505	36,774,269	41,547,186
Noncurrent Liabilities	56,429,966	51,130,267	3,148,834	3,193,212	59,578,800	54,323,479
Total liabilities	92,708,153	91,876,948	3,644,916	3,993,717	96,353,069	95,870,665
Deferred Inflows of Resources	4,705,980	9,713,597	279,097	621,571	4,985,077	10,335,168
Total Liabilities and Deferred Inflows of Resources	97,414,133	101,590,545	3,924,013	4,615,288	101,338,146	106,205,833
Net Investment in Capital Assets Restricted	310,381,780	298,266,621	6,871,704	6,965,514	317,253,484	305,232,135
Other Capital Projects	3,278,877	4,452,001	-	-	3,278,877	4,452,001
Other Purposes	1,053,148	807,244	886,483	808,663	1,939,631	1,615,907
PPP	4,190,166	4,058,822	-	-	4,190,166	4,058,822
County Clerk Storage	94,158	-	-	-	94,158	-
Opioid Remediation	4,771,868	-	-	-	4,771,868	-
Unrestricted	71,423,878	67,426,200	(720,756)	(1,162,523)	70,703,122	66,263,677
Total net position	\$ 395,193,875	\$ 375,010,888	\$ 7,037,431	\$ 6,611,654	\$ 402,231,306	\$ 381,622,542

Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)

On June 30, 2023, the County's net position exceeded its liabilities by \$305,878,237, an increase of \$20,126,360 or 7.0%, over the prior year. Most of the County's net position (78.9%) is invested in capital assets which include land, buildings, infrastructure, equipment, and vehicles. These assets are listed under the capital assets section. The unrestricted net position amount of \$70,703,122, an increase of \$4,439,445 or 6.7%, represents available funds the County may use to operate on a day-to-day basis to provide basic services, all operating expenses, and any capital construction.

In comparing the Statements of Net Position to the prior year, some other key points to consider are below:

- In governmental activity, current assets increased by \$4,072,876 (2.8%) due mainly to accounts receivable related to the National Opioid Settlement. Noncurrent assets increased by \$1,419,248 (7.9%) which is due to subscription-based information technology arrangements (SBITA) now being reported in accordance with the new GASS 96 requirements.
- Total liabilities under governmental activities increased by \$831,205 (0.9%).
- Total assets in the business activities decreased by \$202,543 (1.9%) due mainly to net decrease in cash and cash equivalents.
- In the business activities, the increase in net position of \$425,777 is attributable to decreases in lease liabilities, accounts payable, accrued interest and deferred inflows related to pension.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Revenues						
Program Revenues:						
Charges for Services	\$ 14,872,150	\$ 8,477,981	\$ 4,608,193	\$ 3,892,883	\$ 19,480,343	\$ 12,370,864
Operating Grants and Contributions	12,491,362	12,099,110	6,523,021	6,340,880	19,014,383	18,439,990
Capital Grants and Contributions	5,374,587	9,211,201	-	-	5,374,587	9,211,201
Program Revenues Funded	32,738,099	29,788,292	11,131,214	10,233,763	43,869,313	40,022,055
General Revenues:						
Taxes	67,521,734	63,740,011	-	-	67,521,734	63,740,011
License Fees and Permits	489,880	349,121	-	-	489,880	349,121
Excess Fees	9,084,625	1,971,109	-	-	9,084,625	1,971,109
Rental Income	284,529	185,635	-	-	284,529	185,635
Unrestricted Investment Earnings	2,237,591	52,170	31,112	342	2,268,703	52,512
Donated Assets	4,039,878	4,683,500	-	-	4,039,878	4,683,500
Gain (Loss) on Sale of Capital Assets	48,209	(27,527)	-	-	48,209	(27,527)
Gain (Loss) on Extinguishment of Debt	-	(49,132)	-	-	-	(49,132)
Miscellaneous	6,482,647	6,436,415	-	-	6,482,647	6,436,415
Total General Revenue	90,189,093	77,341,302	31,112	342	90,220,205	77,341,644
Total Revenue	122,927,192	107,129,594	11,162,326	10,234,105	134,089,518	117,363,699
Expenses						
General Government	29,357,612	25,453,856	-	-	29,357,612	25,453,856
Protection to Persons and Property	39,052,116	34,026,382	-	-	39,052,116	34,026,382
General Health and Sanitation	5,022,798	3,195,974	-	-	5,022,798	3,195,974
Social Services	1,362,494	1,406,336	-	-	1,362,494	1,406,336
Recreation and Culture	3,769,723	3,303,121	-	-	3,769,723	3,303,121
Roads	11,385,168	9,994,163	-	-	11,385,168	9,994,163
Fleet Services	922,337	823,038	-	-	922,337	823,038
Capital Improvements	11,887,414	7,719,464	-	-	11,887,414	7,719,464
Interest on Long-Term Debt	148,928	214,691	-	-	148,928	214,691
Pension Expense	(810,606)	562,352	(192,566)	78,952	(1,003,172)	641,304
OPEB Expense	858,401	195,131	13,187	24,616	871,588	219,747
Jail Canteen Fund	-	-	739,630	655,963	739,630	655,963
Golf Course Fund	-	-	3,476,647	3,243,151	3,476,647	3,243,151
Assisted Housing Fund	-	-	6,510,338	6,295,340	6,510,338	6,295,340
Total Expenses	102,956,385	86,894,508	10,547,236	10,298,022	113,503,621	97,192,530
Change in Net Position, Before Transfers	19,970,807	20,235,086	615,090	(63,917)	20,585,897	20,171,169
Transfers	212,180	180,708	(189,313)	114,793	22,867	295,501
Change in Net Position	20,182,987	20,415,794	425,777	50,876	20,608,764	20,466,670
Net Position - Beginning Year	375,010,888	354,595,094	6,611,654	6,560,778	381,622,542	361,155,872
Net Position - Ending Year	\$ 395,193,875	\$ 375,010,888	\$ 7,037,431	\$ 6,611,654	\$ 402,231,306	\$ 381,622,542

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

At June 30, 2023, governmental activities net position totaled \$395,193,875, an increase of 5.4% over the previous fiscal year. Net position for business-type activities was \$7,037,431, an increase of 6.4%.

Total program revenues increased \$3,847,258 or 9.6% compared with the previous fiscal year. Revenue from all sources increased \$16,725,819 or 14.3%.

The County continues to maintain a very conservative approach to budgeting by limiting capital projects for grants or pre-fund to offset the expenditures which it cannot obtain, control of discretionary spending, and strategic hiring practices. These conservative spending efforts have provided the County with strong reserves and allowed for the investment in needed capital projects on roads, sidewalks, and other infrastructure. Most capital improvements, other than regular maintenance of roads, were funded partially by general obligation bonds or fully by grants. Total expenditures increased by \$16,311,091 or 16.8%. Overall total revenues exceeded total expenditures before transfer activity, resulting in a positive change in net position of \$20,608,764.

Significant changes compared to the prior year are listed below:

- The County continues to see positive housing growth as developers donated \$4,039,878 in new subdivision streets and sidewalks.
- Tax collections maintain their year over year growth, \$3,781,723 (5.9%) when compared with the prior year. This growth is made up mainly of an increase in occupational tax revenue.
- The business-type activity program revenues as a percentage of total expenditures were approximately 105.5%.

Program revenues for the governmental activities were 26.6% of total revenues received. This means that 26.6% of the revenues collected went directly to funding specific programs and offset the amount of general revenue needed for these programs. General revenues consist of all taxes, excess fees, borrowed money, donated roads and investment earnings, which cannot be directly linked to a function.

Administration and Protection to Persons and Property's activities are the largest users of the general revenue category. The administrative function includes all departments' fringe benefits, liability insurance and all contractual agreements, including the Transit Authority of Northern Kentucky (TANK). The other major use of general revenue is the protection to persons and property, which includes emergency management, water rescue, building inspector, Public Safety Communication Center (911 Emergency Dispatch) and support of the Sheriff's Office and Jail.

Financial Analysis of the County's Funds

Fund financial statements generally distinguish between major and nonmajor funds with major funds presented individually. The County has four major funds: General, Road and Bridge, Utility Development, and Capital Improvement Funds. The County's governmental funds reflect a combined fund balance of \$120,248,179 of which approximately 48.9% is described as unassigned, which allows these dollars to be used for day-to-day operational expenses for the following year's budget. The fund financial statements for the governmental funds can be found on pages 25 through 28. The General Fund balance increase of \$14,099,874 from the previous year is related to the continuing net growth in tax collections (approximately \$3.8 million) and an increase in excess fees received (approximately \$7.1 million). The County remains focused on conservative budgeting and a policy to maintain a minimum 25.0% emergency reserve in the General Fund, along with additional reserves in all major funds.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

The County's proprietary funds' statements are shown on pages 29 through 34 with a total increase in net position of \$425,777 for the enterprise funds from the prior fiscal year.

- The current year's Golf Course's operating activities reflect an increase in the net position of \$180,785. During 2023, the Golf Course Fund transferred a net \$212,334 in expenditure reimbursement to the General Fund. Operating expenses, without depreciation, increased by \$189,491 (6.4%) from the prior fiscal year.
- The Jail Canteen Fund's net position increased by \$77,820. This amount fluctuates from year to year depending on the expenditures taken from this account; however, the fund is self-sufficient and does not require additional support.
- Assisted Housing Fund's net position increased by \$167,172 during the year. Revenues increased by \$182,141 and expenses decreased by \$10,435.

The County has seven fiduciary funds: School Board Tax Fund, Jail Prisoners Fund, Motor Vehicle Rental Tax Fund, Flexible Spending Account, Health Reimbursement Account, Bullittsville Cemetery Trust Fund and Early Childhood Fund, for which the statements are shown on pages 35 and 36. These monies are restricted and excluded from the other statements because the County cannot use these assets to finance operations.

General Budgetary Highlights

The County approved two budget amendments during Fiscal Year 2023. The first budget amendment established budgeted revenue and related expenditures of \$350,000 for the newly created Clerk Permanent Storage Fund. The first amendment also created a line item for the purchase of the England- Idlewild Park property. The second amendment established budgeted revenue and related expenditures of \$2,020,000 for the newly created Opioid Settlement Fund. It also established revenue and related expenditures for a state grant to purchase election equipment on behalf of the county clerk. In addition, the County made various line-item transfers within the budget to increase/decrease certain line items. Throughout the year, general fund operating revenues collected were over budget by 16.2%, while recurring line-item operating expenses were below budget by 7.9%.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the government activities of the County had \$314,533,588 invested in a broad range of capital assets, including land, roads, buildings, equipment, and vehicles. As shown on the chart to follow, the amount represents a net increase (including additions, retirements, and accumulated depreciation) of \$10,902,565 or 3.6%, on the governmental activities from the previous year. The County added approximately \$16.8 million in governmental activities assets before depreciation. Approximately \$4.1 million was for multiyear projects, \$1.5 million for the purchase of England-Idlewild Park, \$2.7 million for roads and sidewalks, \$2.8 million for equipment and vehicles, \$1.7 million for buildings and building improvements. Included in the total above, the County accepted approximately \$4.0 million of new streets and sidewalks from local developers.

The business activities reflect a net increase in capital assets of \$91,114 or 1.4%.

Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)

STATEMENT OF CAPITAL ASSETS

	Governmental Activities		Business Activities		Total	
	FY23	FY22	FY23	FY22	FY23	FY22
Land	\$ 13,872,202	\$ 12,384,926	\$ 2,396,478	\$ 2,396,478	\$ 16,268,680	\$ 14,781,404
Roads, Modified Approach (Not Depreciated)	228,815,381	223,089,566	-	-	228,815,381	223,089,566
Roads	8,491	8,491	-	-	8,491	8,491
Land Improvements	10,286,208	10,075,993	378,236	402,261	10,664,444	10,478,254
Building and Building Improvements	40,137,612	40,136,515	3,476,811	3,709,753	43,614,423	43,846,268
Furniture and Office Equipment	338,182	376,851	1,307	6,832	339,489	383,683
Vehicles and Equipment	11,504,998	12,070,884	126,511	162,273	11,631,509	12,233,157
Infrastructure Assets	9,570,514	5,487,797	406,713	17,345	9,977,227	5,505,142
	<u>\$ 314,533,588</u>	<u>\$ 303,631,023</u>	<u>\$ 6,786,056</u>	<u>\$ 6,694,942</u>	<u>\$ 321,319,644</u>	<u>\$ 310,325,965</u>

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

Noncurrent Liabilities

Noncurrent liabilities consist of outstanding bonds, accruals relating to earned and unused vacation of County employees, and escrowed dollars under the Family Self-Sufficiency program within the Assisted Housing Fund. As of June 30, 2023, the County had \$4,100,000 in outstanding bond obligations (not including premiums or discounts) versus \$5,315,000 last year, a decrease of 22.9%, as shown on the chart below.

	Governmental Activities		Business Activities		Total	
	FY22	FY21	FY22	FY21	FY22	FY21
General Obligation Bonds	\$ 4,100,000	\$ 4,180,000	\$ -	\$ -	\$ 4,100,000	\$ 4,180,000
Special Revenue Bonds	-	1,135,000	-	-	-	1,135,000
Unamortized Premium	51,808	55,151	-	-	51,808	55,151
Unamortized Discount	-	(1,029)	-	-	-	(1,029)
Lease Liability	1,655,307	1,921,439	105,809	281,755	1,761,116	2,203,194
Compensated Absences	907,362	828,853	104,075	95,445	1,011,437	924,298
Estimated Liability for						
Claims - HRA Accounts	1,042,028	1,179,808	-	-	1,042,028	1,179,808
Accrued Other	-	-	126,367	173,831	126,367	173,831
	\$ 7,756,505	\$ 9,299,222	\$ 336,251	\$ 551,031	\$ 8,092,756	\$ 9,850,253

The Kentucky Revised Statutes provide that a county will not incur net indebtedness for all purposes that exceed an amount equal to two percent (2.0%) of the value of the taxable property within the County's limits. According to Boone County's 2023 assessment the maximum allowable indebtedness of the County is more than \$390 million, which far exceeds the County's outstanding debt.

**Boone County
Management's Discussion and Analysis
June 30, 2023
Unaudited
(Continued)**

Economic Factors and Next Year's Budget

The County's local economy continues to reflect signs of growth. Tax assessments on occupational activities, net profits and real and personal property increased approximately \$3.8 million dollars over the previous fiscal year or 5.9%, outpacing inflation of 3.0% for the same twelve-month period. Looking forward, property subject to real and personal property tax rates total valuation as certified by the State Local Finance Officer (SLFO) in July of each year continues to grow. Total property subject to the County's rates during the fiscal year was \$18.27 billion, as certified in July 2022. This represents an increase of \$0.86 billion or 5.0% over the prior year. The July 2023 SLFO certification of real and personal property stated a total value of \$19.68 billion, an increase of \$1.42 billion or 7.7%. The July 2023 certification sets the values at which taxes to be collected in fiscal year 2024 will be based.

Annually the County develops and remains committed to a strategic budget process that is focused on controlling the size of the County workforce without reducing the quality or effectiveness of public services and carefully control discretionary spending, in lieu of seeking additional revenue. The trend lines of the County's local economy and operating budget suggest continuing growth and expansion of business activity for the foreseeable future. The budget development guidelines for future periods will continue to employ conservative forecasting and careful control of discretionary spending.

Requests for Information

This financial report is designed to provide a general overview of Boone County's Financial Statements for all interested in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Boone County Treasurer, P.O. Box 960 (2950 Washington Street), Burlington, KY 41005.

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**BOONE COUNTY
BASIC FINANCIAL STATEMENTS**

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BOONE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and Cash Equivalents	\$ 37,935,307	\$ 2,908,626	\$ 40,843,933
Investments	90,221,896	-	90,221,896
Inventory	-	156,437	156,437
Accounts Receivable	21,087,516	82,605	21,170,121
Interest Receivable	327	-	327
Lease Receivable	113,162	-	113,162
Notes Receivable	161,483	-	161,483
Due From Other Funds	176,716	318,522	495,238
Total Current Assets	149,696,407	3,466,190	153,162,597
Noncurrent Assets			
Right to Use Assets, Net	1,608,375	85,648	1,694,023
Subscription Assets, Net	1,935,465	-	1,935,465
Capital Assets, Net of Accumulated Depreciation			
Land	13,872,202	2,396,478	16,268,680
Land Improvements	10,286,208	378,236	10,664,444
Buildings and Building Improvements	40,137,612	3,476,811	43,614,423
Furniture and Office Equipment	338,182	1,307	339,489
Vehicles and Equipment	11,504,998	126,511	11,631,509
Construction in Progress	9,570,514	406,713	9,977,227
Infrastructure Assets, Net of Accumulated Depreciation	228,823,872	-	228,823,872
Restricted Cash	10,463,214	67,368	10,530,582
Restricted Investments	4,971,151	-	4,971,151
Lease Receivable	104,655	-	104,655
Notes Receivable	327,669	-	327,669
Total Noncurrent Assets	333,944,117	6,939,072	340,883,189
Total Assets	483,640,524	10,405,262	494,045,786
Deferred Outflows of Resources			
Deferred Outflows Related to Pension	5,359,003	332,377	5,691,380
Deferred Outflows Related to OPEB	3,608,481	223,805	3,832,286
Total Deferred Outflows of Resources	8,967,484	556,182	9,523,666
Total Assets and Deferred Outflows of Resources	\$ 492,608,008	\$ 10,961,444	\$ 503,569,452

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

BOONE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023
(Continued)

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Compensated Absences Payable	\$ 59,697	\$ 1,984	\$ 61,681
Bonds Payable	83,343	-	83,343
Lease Liability	312,742	105,809	418,551
Subscription Liability	739,790	-	739,790
Accounts Payable	4,341,508	231,588	4,573,096
Accrued Payroll	876,130	82,672	958,802
Accrued Interest	46,443	41	46,484
Due to Other Funds	14,997	-	14,997
Estimated Liability for Claims - HRA Account	92,862	-	92,862
Accrued Other	14,754,394	58,999	14,813,393
Unearned Income	14,956,281	14,989	14,971,270
	<u>36,278,187</u>	<u>496,082</u>	<u>36,774,269</u>
Noncurrent Liabilities			
Compensated Absences Payable	847,665	102,091	949,756
Bonds Payable	4,068,465	-	4,068,465
Lease Liability	1,342,565	-	1,342,565
Subscription Liability	1,184,775	-	1,184,775
Estimated Liability for Claims - HRA Account	949,166	-	949,166
Accrued Other	-	67,368	67,368
Net Pension Liability	37,685,165	2,337,313	40,022,478
Net OPEB Liability	10,352,165	642,062	10,994,227
	<u>56,429,966</u>	<u>3,148,834</u>	<u>59,578,800</u>
Total Liabilities	<u>92,708,153</u>	<u>3,644,916</u>	<u>96,353,069</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pension	825,418	51,195	876,613
Deferred Inflows Related to OPEB	3,674,532	227,902	3,902,434
Deferred Inflows Related to Leases	206,030	-	206,030
	<u>4,705,980</u>	<u>279,097</u>	<u>4,985,077</u>
Total Liabilities and Deferred Inflows of Resources	<u>97,414,133</u>	<u>3,924,013</u>	<u>101,338,146</u>

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

BOONE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023
(Continued)

Net Position			
Net Investment in Capital Assets	310,381,780	6,871,704	317,253,484
Restricted for			
Other Capital Projects	3,278,877	-	3,278,877
Other Purposes	1,053,148	886,483	1,939,631
Protection of Persons and Property	4,190,166	-	4,190,166
County Clerk Storage	94,158	-	94,158
Opioid Remediation	4,771,868	-	4,771,868
Unrestricted	<u>71,423,878</u>	<u>(720,756)</u>	<u>70,703,122</u>
Total Net Position	<u>\$ 395,193,875</u>	<u>\$ 7,037,431</u>	<u>\$ 402,231,306</u>

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

BOONE COUNTY
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Governmental Activities							
General Government	\$ 29,357,612	\$ 891,570	\$ 1,366,025	\$ -	\$ (27,100,017)	\$ -	\$ (27,100,017)
Protection to Persons and Property	39,052,116	7,853,650	5,974,780	10,001	(25,213,685)	-	(25,213,685)
General Health and Sanitation	5,022,798	81,319	165,983	-	(4,775,496)	-	(4,775,496)
Social Services	1,362,494	4,993,980	202,197	-	3,833,683	-	3,833,683
Recreation and Culture	3,769,723	348,314	286,728	-	(3,134,681)	-	(3,134,681)
Roads	11,385,168	703,317	3,826,697	-	(6,855,154)	-	(6,855,154)
Fleet Services	922,337	-	-	-	(922,337)	-	(922,337)
Capital Improvements	11,887,414	-	668,952	5,364,586	(5,853,876)	-	(5,853,876)
Pension Benefit	(810,606)	-	-	-	810,606	-	810,606
OPEB Expense	858,401	-	-	-	(858,401)	-	(858,401)
Interest on Long-Term Debt	148,928	-	-	-	(148,928)	-	(148,928)
Total Governmental Activities	102,956,385	14,872,150	12,491,362	5,374,587	(70,218,286)	-	(70,218,286)
Business-Type Activities							
Jail Canteen Fund	739,630	787,748	-	-	-	48,118	48,118
Golf Course Fund	3,476,647	3,820,445	-	-	-	343,798	343,798
Assisted Housing Fund	6,510,338	-	6,523,021	-	-	12,683	12,683
Pension Expense	(192,566)	-	-	-	-	192,566	192,566
OPEB Expense	13,187	-	-	-	-	(13,187)	(13,187)
Total Business-Type Activities	10,547,236	4,608,193	6,523,021	-	-	583,978	583,978
Total Primary Government	\$ 113,503,621	\$ 19,480,343	\$ 19,014,383	\$ 5,374,587	\$ (70,218,286)	\$ 583,978	\$ (69,634,308)
General Revenues							
Taxes							
Property Taxes					21,789,035	-	21,789,035
Occupational Taxes					44,524,958	-	44,524,958
Franchise Fees					1,207,741	-	1,207,741
License Fees and Permits					489,880	-	489,880
Excess Fees					9,084,625	-	9,084,625
Rental Income					284,529	-	284,529
Unrestricted Investment Earnings					2,237,591	31,112	2,268,703
Donated Assets					4,039,878	-	4,039,878
Gain on Sale of Capital Assets					48,209	-	48,209
Miscellaneous Revenues					6,482,647	-	6,482,647
Transfers					212,180	(189,313)	22,867
Total General Revenues and Transfers					90,401,273	(158,201)	90,243,072
Change in Net Position					20,182,987	425,777	20,608,764
Net Position July 1, 2022					375,010,888	6,611,654	381,622,542
Net Position June 30, 2023					\$ 395,193,875	\$ 7,037,431	\$ 402,231,306

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

BOONE COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	Major Funds					Total Governmental Funds
	General Fund	Road and Bridge Fund	Utility Development Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
Assets						
Cash and Cash Equivalents	\$ 14,481,598	\$ 6,693,355	\$ 538,062	\$ 2,616,648	\$ 12,315,321	\$ 36,644,984
Investments	37,343,764	-	12,344,379	35,413,112	3,080,668	88,181,923
Notes Receivable	419,255	-	-	69,897	-	489,152
Accounts Receivable	14,058,516	671,905	-	229,779	5,844,265	20,804,465
Interest Receivable	327	-	-	-	-	327
Lease Receivable	217,817	-	-	-	-	217,817
Restricted Cash	10,463,214	-	-	-	-	10,463,214
Restricted Investments	4,971,151	-	-	-	-	4,971,151
Due From Other Funds	-	-	-	28,604	-	28,604
Total Assets	\$ 81,955,642	\$ 7,365,260	\$ 12,882,441	\$ 38,358,040	\$ 21,240,254	\$ 161,801,637
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable	\$ 1,202,182	\$ 215,720	\$ 1,288,989	\$ 689,026	\$ 381,006	\$ 3,776,923
Accrued Payroll	410,248	135,353	-	-	330,529	876,130
Due To Other Funds	6,356	8,641	-	-	-	14,997
Compensated Absences Payable	432,651	158,168	-	-	316,543	907,362
Unearned Revenues	-	-	14,956,281	-	-	14,956,281
Net Profit Tax Extension Payable	14,754,394	-	-	-	-	14,754,394
Total Liabilities	16,805,831	517,882	16,245,270	689,026	1,028,078	35,286,087
Deferred Inflows of Resources						
Deferred Inflows Related to Leases	206,030	-	-	-	-	206,030
Unavailable Revenue - Intergovernmental	1,830,881	179,299	-	129,392	3,921,769	6,061,341
	2,036,911	179,299	-	129,392	3,921,769	6,267,371
Fund Balances						
Non Spendable						
Notes Receivable Long-Term	327,669	-	-	-	-	327,669
Restricted						
Other Capital Projects	-	-	-	-	3,278,877	3,278,877
Other Purposes	679,971	-	-	-	373,177	1,053,148
Protection of Persons and Property	-	-	-	-	4,190,166	4,190,166
County Clerk Storage	-	-	-	-	94,158	94,158
Opioid Remediation	-	-	-	-	1,167,198	1,167,198
Committed						
Health and Welfare	-	-	-	-	6,395,005	6,395,005
Assigned						
Other Capital Projects	-	-	-	37,539,622	-	37,539,622
Protection of Persons and Property	-	-	-	-	791,826	791,826
Road Resurfacing and Maintenance	-	6,668,079	-	-	-	6,668,079
Unassigned	62,105,260	-	(3,362,829)	-	-	58,742,431
Total Fund Balances	\$ 63,112,900	\$ 6,668,079	\$ (3,362,829)	\$ 37,539,622	\$ 16,290,407	\$ 120,248,179
Total Liabilities and Fund Balances	\$ 81,955,642	\$ 7,365,260	\$ 12,882,441	\$ 38,358,040	\$ 21,240,254	\$ 161,801,637

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

BOONE COUNTY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds		\$ 120,248,179
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	\$ 385,825,472	
Accumulated Depreciation	<u>71,291,884</u>	
		314,533,588
Right to use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		1,608,375
Subscription assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		1,935,465
Other assets are not available to pay current period expenditures, and therefore, are deferred in the governmental funds.		6,061,341
Internal service fund is used by management to charge the cost of health insurance to individual funds. The assets and liabilities are included in governmental activities on the statement of net assets.		2,154,846
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred Outflows of Resources Related to Pension	5,359,003	
Deferred Outflows of Resources Related to OPEB	3,608,481	
Deferred Inflows of Resources Related to Pension	(825,418)	
Deferred Inflows of Resources Related to OPEB	<u>(3,674,532)</u>	
		4,467,534
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Accrued Interest on Bonds	46,443	
Premiums on Bonds, Net	51,808	
Bonds Principal Payments, Due within One Year	80,000	
Bonds Principal Payments, Due in More than One Year	4,020,000	
Lease Liability	1,655,307	
Subscription Liability	1,924,565	
Net Pension Liability	37,685,165	
Net OPEB Liability	<u>10,352,165</u>	
		<u>(55,815,453)</u>
Total Net Position - Governmental Activities		<u>\$ 395,193,875</u>

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road and Bridge Fund	Utility Development Fund	Capital Improvements Program		
Revenues						
Taxes	\$ 61,719,809	\$ -	\$ -	\$ -	\$ 8,215,260	\$ 69,935,069
In Lieu Tax Payments	144,070	-	-	-	-	144,070
Excess Fees	9,074,500	-	-	-	-	9,074,500
Licenses and Permits	2,604,089	92,859	-	-	-	2,696,948
Intergovernmental	3,095,528	3,293,140	3,152,867	1,400,418	9,663,813	20,605,766
Charges for Services	1,732,872	263,513	-	-	159,122	2,155,507
Miscellaneous	863,521	610,682	(1,000)	80,307	499,548	2,053,058
Interest	964,388	62,758	380,796	528,028	236,649	2,172,619
Total Revenues	80,198,777	4,322,952	3,532,663	2,008,753	18,774,392	108,837,537
Expenditures						
General Government	7,455,170	-	-	-	102,892	7,558,062
Protection to Persons and Property	22,181,511	386,423	-	-	10,030,612	32,598,546
General Health and Sanitation	775,647	811,558	-	-	1,844,954	3,432,159
Social Services	127,739	-	-	-	649,694	777,433
Recreation and Culture	3,845,043	-	-	-	-	3,845,043
Roads	-	9,284,874	-	-	-	9,284,874
Fleet Services	-	941,533	-	-	-	941,533
Capital Projects	74,076	-	9,226,528	11,088,234	1,920,129	22,308,967
Administration	13,242,835	1,548,374	-	-	4,510,764	19,301,973
Debt Service	2,659,200	-	-	-	1,459,556	4,118,756
Total Expenditures	50,361,221	12,972,762	9,226,528	11,088,234	20,518,601	104,167,346
Excess (Deficiency) of Revenues Over Expenditures	29,837,556	(8,649,810)	(5,693,865)	(9,079,481)	(1,744,209)	4,670,191
Other Financing (Uses) Sources						
Proceeds from Right to Use Assets	4,479	-	-	-	44,375	48,854
Proceeds from Subscription Assets	42,417	-	-	-	-	42,417
Transfers to Other Funds	(16,036,515)	-	-	-	(39,603)	(16,076,118)
Transfers from Other Funds	251,937	7,670,393	619,380	5,000,000	2,746,588	16,288,298
Total Other Financing (Uses) Sources	(15,737,682)	7,670,393	619,380	5,000,000	2,751,360	303,451
Net Change in Fund Balances	14,099,874	(979,417)	(5,074,485)	(4,079,481)	1,007,151	4,973,642
Fund Balances July 1, 2022	49,013,026	7,647,496	1,711,656	41,619,103	15,283,256	115,274,537
Fund Balances June 30, 2023	\$ 63,112,900	\$ 6,668,079	\$ (3,362,829)	\$ 37,539,622	\$ 16,290,407	\$ 120,248,179

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

BOONE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Total Net Change in Fund Balances - Governmental Funds	\$	4,973,642	
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.</p>			
Depreciation Expense	\$	(5,862,815)	
Capital Outlays		<u>12,735,849</u>	6,873,034
The net effect of the disposal of capital assets is to decrease net position.			(10,347)
<p>Some expenses in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.</p>			
Right to Use Assets			(18,365)
Subscription Assets			(12,857)
<p>Repayment of bond and principal is an expenditure in the governmental funds but it reduces long-term liabilities in the statement of net position, and does not affect the statement of activities.</p>			
			1,215,000
<p>Donated capital assets are not reported on the governmental fund statements. However, for governmental activities, these assets are reported on the statement of net position.</p>			
			4,039,878
<p>Governmental funds report County pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>			
County Pension Contributions - June 30, 2022		(3,233,651)	
County Pension Contributions - June 30, 2023		4,285,805	
Cost of Benefits Earned Net of Employee Contributions		<u>(241,548)</u>	810,606
<p>Governmental funds report County other postemployment benefit contributions as expenditures. However, other postemployment benefit expense is reported in the statement of activities. This is the amount by which other postemployment benefit expense exceeded contributions.</p>			
County Other Postemployment Benefit Contributions - June 30, 2022		(914,555)	
County Other Postemployment Benefit Contributions - June 30, 2023		638,337	
Change in Other Postemployment Benefit Liability		<u>(582,183)</u>	(858,401)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities; however, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest expense reported in the statement of activities is a result of (1) the change in accrued interest on bonds and leases, (2) amortization of refunding gains and losses, and (3) amortization on bond discounts and premiums.</p>			
			(2,406)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.</p>			
			4,267,079
<p>Internal Service Funds are used by management to charge the cost of health insurance to individual funds. The net revenues (expenses) of this fund are reported with governmental activities.</p>			
			<u>(1,093,876)</u>
Total Change in Net Position - Governmental Activities			<u><u>\$ 20,182,987</u></u>

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

BOONE COUNTY
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds			Nonmajor Proprietary Funds	Self Insurance Fund
	Assisted Housing Fund	Golf Course Fund	Jail Canteen Fund	Total	
	Fund	Fund	Fund	Fund	
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and Cash Equivalents	\$ 1,442,732	\$ 897,933	\$ 567,961	\$ 2,908,626	\$ 1,290,323
Investments	-	-	-	-	2,039,973
Inventory	-	156,437	-	156,437	-
Accounts Receivable	82,605	-	-	82,605	283,051
Due From Other Funds	-	-	318,522	318,522	148,112
Restricted Cash	67,368	-	-	67,368	-
Total Current Assets	<u>1,592,705</u>	<u>1,054,370</u>	<u>886,483</u>	<u>3,533,558</u>	<u>3,761,459</u>
Noncurrent Assets					
Right to Use Asset, Net	-	85,648	-	85,648	-
Capital Assets					
Land	-	2,396,478	-	2,396,478	-
Land Improvements	-	6,100,594	-	6,100,594	-
Buildings and Building Improvements	137,417	6,466,020	-	6,603,437	-
Furniture and Office Equipment	128,572	-	-	128,572	-
Vehicles and Equipment	-	1,261,821	-	1,261,821	-
Construction in Progress	-	406,713	-	406,713	-
	265,989	16,631,626	-	16,897,615	-
Less Accumulated Depreciation	<u>183,724</u>	<u>9,927,835</u>	<u>-</u>	<u>10,111,559</u>	<u>-</u>
Total Capital Assets	<u>82,265</u>	<u>6,703,791</u>	<u>-</u>	<u>6,786,056</u>	<u>-</u>
Total Noncurrent Assets	<u>82,265</u>	<u>6,789,439</u>	<u>-</u>	<u>6,871,704</u>	<u>-</u>
Total Assets	<u>1,674,970</u>	<u>7,843,809</u>	<u>886,483</u>	<u>10,405,262</u>	<u>3,761,459</u>
Deferred Outflows of Resources					
Deferred Outflows Related to Pension	114,966	217,411	-	332,377	-
Deferred Outflows Related to OPEB	<u>77,412</u>	<u>146,393</u>	<u>-</u>	<u>223,805</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>192,378</u>	<u>363,804</u>	<u>-</u>	<u>556,182</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,867,348</u>	<u>\$ 8,207,613</u>	<u>\$ 886,483</u>	<u>\$ 10,961,444</u>	<u>\$ 3,761,459</u>

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

BOONE COUNTY
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2023
(Continued)

Liabilities and Deferred Inflows of Resources

Current Liabilities

Compensated Absences Payable	\$ 1,810	\$ 174	\$ -	\$ 1,984	\$ -
Lease Liability	-	105,809	-	105,809	-
Accounts Payable	10,639	220,949	-	231,588	564,585
Accrued Payroll	15,837	66,835	-	82,672	-
Accrued Interest	-	41	-	41	-
Estimated Liability for Claims - HRA Accounts	-	-	-	-	92,862
Accrued Other	58,999	-	-	58,999	-
Deferred Credit	14,989	-	-	14,989	-
Total Current Liabilities	102,274	393,808	-	496,082	657,447

Long-Term Liabilities (Net of Current Portion)

Compensated Absences Payable	16,286	85,805	-	102,091	-
Estimated Liability for Claims - HRA Accounts	-	-	-	-	949,166
Accrued Other	67,368	-	-	67,368	-
Net Pension Liability	808,454	1,528,859	-	2,337,313	-
Net OPEB Liability	222,083	419,979	-	642,062	-
Total Noncurrent Liabilities	1,114,191	2,034,643	-	3,148,834	949,166
Total Liabilities	1,216,465	2,428,451	-	3,644,916	1,606,613

Deferred Inflows of Resources

Deferred Inflows Related to Pension	17,708	33,487	-	51,195	-
Deferred Inflows Related to OPEB	78,829	149,073	-	227,902	-
Total Deferred Inflows of Resources	96,537	182,560	-	279,097	-
Total Liabilities and Deferred Inflows of Resources	1,313,002	2,611,011	-	3,924,013	1,606,613

Net Position

Net Investment in Capital Assets	82,265	6,789,439	-	6,871,704	-
Restricted for					
Other Purposes	-	-	886,483	886,483	-
Multi-Governmental Self Insurance	-	-	-	-	2,154,846
Unrestricted	472,081	(1,192,837)	-	(720,756)	-
Total Net Position	\$ 554,346	\$ 5,596,602	\$ 886,483	\$ 7,037,431	\$ 2,154,846

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For The Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Major Funds</u>			<u>Nonmajor Proprietary Funds</u>	<u>Self Insurance Fund</u>
	<u>Assisted Housing Fund</u>	<u>Golf Course Fund</u>	<u>Jail Canteen Fund</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Operating Revenues					
Governmental Grants	\$ 6,437,220	\$ -	\$ -	\$ 6,437,220	\$ -
Canteen Receipts	-	-	787,748	787,748	-
Green Fees	-	1,716,159	-	1,716,159	-
Power Cart Rentals	-	614,876	-	614,876	-
Memberships	-	161,786	-	161,786	-
Pro Shop Sales and Pull Cart Rentals	-	423,393	-	423,393	-
Food and Beverage	-	569,445	-	569,445	-
Employer / Employee Contributions	-	-	-	-	5,726,176
Miscellaneous	85,801	334,786	-	420,587	-
Total Operating Revenues	<u>6,523,021</u>	<u>3,820,445</u>	<u>787,748</u>	<u>11,131,214</u>	<u>5,726,176</u>
Operating Expenses					
Cost of Merchandise Sold	-	213,515	739,630	953,145	-
Housing Assistance Payment	5,798,901	-	-	5,798,901	-
Salaries and Wages	389,599	1,137,315	-	1,526,914	-
Employee Benefits	206,679	425,380	-	632,059	-
Contract Services	5,660	83,506	-	89,166	-
Materials and Supplies	3,991	6,314	-	10,305	-
Golf Cart Lease	-	(11,031)	-	(11,031)	-
Utilities	1,506	208,038	-	209,544	-
Maintenance and Repairs	13,763	216,102	-	229,865	-
Fertilizer and Chemicals	-	252,099	-	252,099	-
Petroleum Products	1,158	76,579	-	77,737	-
Uniforms	530	5,003	-	5,533	-
Food and Beverage	-	284,395	-	284,395	-
Depreciation	8,961	314,293	-	323,254	-
Pension Benefit	(125,276)	(67,290)	-	(192,566)	-
OPEB Benefit	(11,953)	25,140	-	13,187	-
Lease Amortization Expense	-	184,924	-	184,924	-
Lease Interest Expense	-	849	-	849	-
Other Operating Expenses	79,590	79,366	-	158,956	-
Insurance Claims	-	-	-	-	6,886,951
Total Operating Expenses	<u>6,373,109</u>	<u>3,434,497</u>	<u>739,630</u>	<u>10,547,236</u>	<u>6,886,951</u>
Operating Income (Loss)	<u>149,912</u>	<u>385,948</u>	<u>48,118</u>	<u>583,978</u>	<u>(1,160,775)</u>

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

BOONE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For The Year Ended June 30, 2023
(Continued)

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
					<u>Activities -</u>
	<u>Major Funds</u>		<u>Nonmajor</u>		<u>Internal</u>
	<u>Assisted</u>	<u>Golf</u>	<u>Proprietary</u>		<u>Service Fund</u>
	<u>Housing</u>	<u>Course</u>	<u>Jail</u>	<u>Total</u>	<u>Self</u>
	<u>Fund</u>	<u>Fund</u>	<u>Canteen</u>		<u>Insurance</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		<u>Fund</u>
Non-Operating Revenues					
Interest Income	17,260	7,171	6,681	31,112	66,899
Transfers					
Transfers from Other Funds	-	-	23,021	23,021	-
Transfers to Other Funds	-	(212,334)	-	(212,334)	-
Total Transfers	-	(212,334)	23,021	(189,313)	-
Change in Net Position	167,172	180,785	77,820	425,777	(1,093,876)
Net Position July 1, 2022	387,174	5,415,817	808,663	6,611,654	3,248,722
Net Position June 30, 2023	<u>\$ 554,346</u>	<u>\$ 5,596,602</u>	<u>\$ 886,483</u>	<u>\$ 7,037,431</u>	<u>\$ 2,154,846</u>

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

BOONE COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds		Nonmajor Proprietary Funds		Self Insurance Fund
	Assisted Housing Fund	Golf Course Fund	Jail Canteen Fund	Totals	
	Fund	Fund	Fund	Fund	
Cash Flows From Operating Activities					
Receipts from Customers	\$ -	\$ 3,820,521	\$ 787,748	\$ 4,608,269	\$ -
Receipts from Governmental Grants	6,408,288	-	-	6,408,288	-
Receipts from Employees/Intergovernmental	-	-	-	-	5,637,154
Payments to Suppliers	(96,431)	(1,691,423)	(739,630)	(2,527,484)	-
Payments to Employees	(595,314)	(1,553,844)	-	(2,149,158)	-
Payments for Housing Assistance	(5,846,365)	-	-	(5,846,365)	-
Payments for Claims	-	-	-	-	(7,088,687)
Receipts from Miscellaneous Income	85,801	-	-	85,801	-
Net Cash (Used) Provided by Operating Activities	(44,021)	575,254	48,118	579,351	(1,451,533)
Cash Flows from Non-Capital Financing Activities					
Transfers to Other Funds	-	(212,334)	-	(212,334)	-
Cash Flows from Capital and Related Financing Activities					
Principal Paid on Lease Liabilities	-	(175,946)	-	(175,946)	-
Interest Paid on Lease Liabilities	-	(918)	-	(918)	-
Acquisition of Capital Assets	-	(414,368)	-	(414,368)	-
Net Cash Used by Capital and Related Financing Activities	-	(591,232)	-	(591,232)	-
Cash Flows from Investing Activities					
Purchase of Investments	-	-	-	-	(3,000,000)
Sale of Investments	-	-	-	-	970,126
Interest Income	17,260	7,171	6,681	31,112	56,800
Net Cash Provided (Used) by Investing Activities	17,260	7,171	6,681	31,112	(1,973,074)
Net Change in Cash	(26,761)	(221,141)	54,799	(193,103)	(3,424,607)
Cash and Cash Equivalents July 1, 2022	1,536,861	1,119,074	513,162	3,169,097	4,714,930
Cash and Cash Equivalents June 30, 2023	<u>\$ 1,510,100</u>	<u>\$ 897,933</u>	<u>\$ 567,961</u>	<u>\$ 2,975,994</u>	<u>\$ 1,290,323</u>

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

BOONE COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2023
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental
					Activities -
	Major Funds		Nonmajor		Internal
	Assisted	Golf	Jail		Service Fund
	Housing	Course	Canteen	Totals	Self
	Fund	Fund	Fund		Insurance
					Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	\$ 149,912	\$ 385,948	\$ 48,118	\$ 583,978	\$ (1,160,775)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	8,961	314,293	-	323,254	-
Lease Amortization Expense	-	184,924	-	184,924	-
Lease Interest Expense	-	849	-	849	-
Pension Expense	(125,276)	(67,290)	-	(192,566)	-
OPEB Expense	(11,953)	25,140	-	13,187	-
Change in Assets and Liabilities					
Accounts Receivable	(23,958)	76	-	(23,882)	(88,967)
Due From Other Funds	-	-	-	-	(55)
Inventory	-	(37,467)	-	(37,467)	-
Accounts Payable	9,767	(173,278)	-	(163,511)	(43,993)
Due To Other Funds	-	(66,792)	-	(66,792)	(19,963)
Estimated Liability for Claims - HRA	-	-	-	-	(137,780)
Accrued Payroll	(775)	1,960	-	1,185	-
Accrued Other	(47,464)	-	-	(47,464)	-
Compensated Absences Payable	1,739	6,891	-	8,630	-
Deferred Credit	(4,974)	-	-	(4,974)	-
Net Cash (Used) Provided by Operating Activities	\$ (44,021)	\$ 575,254	\$ 48,118	\$ 579,351	\$ (1,451,533)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and Cash Equivalents	\$ 1,442,732	\$ 897,933	\$ 567,961	\$ 2,908,626	\$ 1,290,323
Restricted Cash	67,368	-	-	67,368	-
Total Cash and Cash Equivalents	\$ 1,510,100	\$ 897,933	\$ 567,961	\$ 2,975,994	\$ 1,290,323

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

BOONE COUNTY
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2023

	Total Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 2,152,917
Accounts Receivable	<u>18,622,346</u>
Total Assets	<u>20,775,263</u>
Liabilities	
Accounts Payable	1,220,862
Due to Other Funds	<u>480,241</u>
Total Liabilities	<u>1,701,103</u>
Net Position	
Employee Flexible Spending Accounts	140,146
Employee Health Reimbursement Accounts	9,383
Jail Inmate Accounts	18,228
School District	17,810,618
Motor Vehicle Rental	753,829
Bullittsville Cemetery	24,229
Early Childhood Development	<u>317,727</u>
	<u>\$ 19,074,160</u>

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

BOONE COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended June 30, 2023

	Total Custodial Funds
Additions	
Employee Contributions	\$ 237,480
Employer Contributions	95,384
Property Taxes Collected for School District	28,697,720
Property Taxes Collected for Tri-Ed	2,629,560
Deposits from Inmates	1,331,531
Donations for Early Childhood Fund	70,000
Interest Income	114,880
	<u>33,176,555</u>
Deductions	
Benefit Payments	336,834
Property Taxes Paid to School District	19,480,762
Property Taxes Paid to Tri-Ed	1,850,147
Inmate Payments	1,336,985
Early Childhood Fund Payments	82,084
Administrative Expenses	77,244
	<u>23,164,056</u>
Transfers	
Transfers Out	22,867
	<u>22,867</u>
Net Increase in Net Position	9,989,632
Net Position July 1, 2022	<u>9,084,528</u>
Net Position June 30, 2023	<u>\$ 19,074,160</u>

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

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TO THE FINANCIAL STATEMENT**

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BOONE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The financial statements of the Boone County Fiscal Court (the County) include the funds, agencies, boards, component unit, and entities for which the fiscal court is financially accountable. The blended component unit, although a legally separate entity is, in substance, part of the County's operations.

Additional - Boone County Constitutional Elected Officials:

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator
- Jailer
- Coroner

The Kentucky constitution provides for election of the above officials from the geographic area constituting Boone 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.

Blended Component Unit

The following organization is shown as blended component unit:

The Boone County Public Properties Corporation (BCPP) was formed to act as an issuing agent for long-term debt, the proceeds of which are to be used for the acquisition and construction of public building facilities in Boone County, Kentucky. The governing body is the County Commissioners. Separate financial statements are not required or prepared. The BCPP is a blended component unit because the boards are the same.

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

Basis of Accounting, Measurement Focus, and Presentation

Government Wide Statements

The government wide financial statements (i.e., the statement of net position and the statement of activities) display information about all the non-fiduciary activities of the primary government and its component units. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government wide statements and the statements for governmental funds.

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

Note 1. Summary of Significant Accounting Policies (Continued)

The government wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County, and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. For example, property tax revenue is recognized in the year of levy, and all other revenue is recognized when services have been rendered. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include taxes and unrestricted state funds.

Fund Financial Statements

The fund financial statements are designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. The County's fund types, a definition of each, and County funds included within each fund type are listed below.

All governmental funds are accounted for on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are tax-payer-assessed tax revenues (such as property taxes and franchise taxes) and certain grant revenues.

Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues which may be accrued include other taxes, intergovernmental revenues, interest, and charges for services.

Again, grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the County may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. It is the County's policy to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

The government reports the following major government funds:

General Fund

This is the primary operating fund of the County. 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 and Bridge Fund

This fund is a special revenue fund for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department of Local Development requires the County to maintain these receipts and expenditures separately from the General Fund.

Utility Development Fund

This fund is a special revenue fund for the planning, design, and construction of utility systems in partnership with qualified utility providers. A significant source of revenue for this fund is additional tax revenue earmarked in tax year 2020.

Capital Improvements Fund

The primary purpose of this capital projects fund is used to purchase and build capital assets. This fund tracks the funds to be used for these purposes and is considered a capital projects fund.

Nonmajor Funds

The primary government also has the following nonmajor funds: Jail Fund, Public Safety Communications Center, Local Government Economic Assistance Fund, Federal Grants Fund, Tax Improvement Fund, Mental Health Fund, County Clerk Storage Fund, Opioid Settlement Fund, and Public Properties Fund.

Special Revenue Funds

The Road and Bridge Fund, Utility Development Fund, Jail Fund, Public Safety Communications Center, Local Government Economic Assistance Fund, Federal Grants Fund, Tax Improvement Fund, Mental Health Fund, County Clerk Storage Fund, and Opioid Settlement Fund are Special Revenue funds that account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Debt Service Fund

The Boone County Public Properties Corporation Fund is presented as debt service funds. Debt service funds are to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) and deferred outflows of resources and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales in the Jail Canteen Fund, and greens fees revenue in the Public Properties Golf Course. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets.

The government reports the following major proprietary funds:

Golf Course Fund

The Golf Course Fund accounts for the activities of the Public Properties Golf Course. The Public Properties Golf Course owns and operates two golf courses. This is an enterprise fund.

Assisted Housing Fund

The Assisted Housing Fund is an enterprise fund and accounts for the activities of the Assisted Housing Department which provides rental assistance to low income families under a contract with the U.S. Department of the Housing and Urban Development.

Nonmajor Funds

The jail canteen fund is a nonmajor fund. The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer, the receipts and disbursements of the Jail Canteen Fund which is an enterprise fund.

Self Insurance Fund

The Fiscal Court accounts for the health insurance of the County's employees through this internal service fund.

The Fiduciary funds are used to account for the resources held by the County in a custodial capacity or as an agent for other governmental units. Fiduciary fund financial statements include a Statement of Fiduciary Net Position. All fiduciary funds of the County are custodial funds.

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

Note 1. Summary of Significant Accounting Policies (Continued)

The government reports the following fiduciary funds:

School Board Tax Fund

This fund is used to collect and remit the occupational payroll and net profit taxes collected on behalf of the Boone County Board of Education.

Jail Prisoners Fund

The Jail Prisoners Fund is an agency fund that accounts for assets held by the County in a purely custodial nature.

Motor Vehicle Rental Tax Fund

This fund is used to collect a 3% motor vehicle rental tax placed on most car rental agencies by Boone County Ordinance 430.8 in 1995. These dollars are remitted to the Tri-County Economic Development less a 3% administration fee, through enabling legislation passed in the 1994 General Assembly House Bill 662.

Flexible Spending Account

This fund is used as a pass through of any Cafeteria 125 plan dollars for tax exempt purposes from employees' payroll checks.

Health Reimbursement Account

This fund is used to pay for employee health care expenses and is funded solely by employer contributions.

Bullittsville Cemetery Trust Fund

This fund is an agency fund used to account for the maintenance and care of the Bullittsville Cemetery located in Burlington.

Early Childhood Fund

This fund is an agency fund used as a pass through to support organization working with Boone County children in ways that align with the 2017 Boone County by 6 mission and vision.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied and are due and payable on November 1st of each year and may be paid upon receipt of the notice at declining discounts through the month of February. All unpaid taxes on real and personal property become delinquent on April 1st of the year following the year in which the taxes were levied. Delinquent real property taxes bear interest at the rate of 1.5% per month, and interest continues to accrue until a certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the certificate. Personal property taxes bear interest at 1.5% per month from April 1st until paid. After May 1st of each year and following proper procedures, a court order may be issued to seize and sell the property.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Legal Compliance – Budget

The County budget is adopted on a cash basis of accounting, and according to the laws of Kentucky, as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the County by May 1st of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the County by July 1st.

The County may change the original budget by transferring appropriations at the activity level; however, the County may not increase the total budget without approval by the State Local Finance Officer. Expenditure may not exceed budgeted appropriations at the activity level.

The schedules of revenues, expenditures and changes in fund balances budget and actual present a comparison of budgetary data in actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results. See pages 26 and 28 for the reconciliation of the actual results to the fund statements.

Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost, which approximates market. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (see Deposits and Investments note), investments exclude certificates of deposit. KRS 66.480 authorizes the County to invest in the following, including but not limited to, 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).

Accounts Receivable

Accounts receivable primarily consists of taxes, intergovernmental revenues, and excess fees. Accounts receivable are presented, when considered necessary, net of an allowance for doubtful accounts. There was no allowance as of June 30, 2023.

Inventory

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore deferred until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The County also recognizes deferred outflows of resources related to pensions and other postemployment benefits.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time. The County recognizes deferred outflows of resources related to pensions and other postemployment benefits. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. Revenue that is earned but not available is reported as a deferred inflow of resource until such time as the revenue becomes available.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the Governmental Funds. These assets are reported in the governmental activities column of the government wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the government wide statement of net position, and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition value as of the date received. The County maintains a capitalization threshold of \$20,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life, are not.

All reported capital assets, except for land and roads, are depreciated. Improvements are depreciated over the estimated remaining useful lives of the related capital assets. The County has adopted the modified approach method in valuing their roads. They manage the roads using an asset management system and preserve the roads at or above a minimum condition level established by the County. Under the modified approach, expenditures made for roads (except for additions and improvements eligible to be capitalized) are expensed in the period incurred. If a road falls below the Pavement Condition Index (PCI) and the County, due to other circumstances, does not plan on improving the road, the road will be transferred to a depreciable asset and depreciated. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Estimated Useful Lives
Buildings and Building Improvements	25 - 50 Years
Land Improvements	20 Years
Technology Equipment	3 - 7 Years
Vehicles	5 - 10 Years
General Equipment	7 - 10 Years
Roads (Below the PCI Index)	15 - 25 Years

Accounting principles allows the government to report part of the infrastructure assets at transition. There were no infrastructure additions of bridges and sewers during the year.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Construction in Progress

Capitalizable costs incurred on projects which are not in use or ready for use are held in construction in progress. When the asset is ready for use, related costs are transferred to the appropriate capital asset account.

Compensated Absences

These amounts represent the unpaid vacation costs as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities. The compensated absence liability has been computed based on rates of pay in effect at June 30, 2023.

Right to Use Asset and Lease Liability

The County recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of a short-term lease. Short-term lease payments are expensed when incurred.

The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related asset.

The lease liability is based on the present value of the lease payments expected to be paid during the lease term. The County uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the County's incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

- Non-Spendable Fund Balance - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed Fund Balance - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government itself takes the same highest level action to remove or change the constraint;
- Assigned Fund Balance - Amounts a government intends to use for a specific purpose intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned Fund Balance - Amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County establishes (and modifies or rescinds) fund balance commitments by passage of resolutions.

Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the County: Boone County Water District, Boone County Extension District, and the Boone County Public Library.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standards

Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was issued to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides accounting and financial reporting guidance for availability payment arrangements (APAs). The requirements of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. The County determined the adoption of this statement has no material impact on its financial statements.

Subscription-Based Information Technology Arrangements

The County implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements as of July 1, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

The County evaluated contracts that were formerly accounted for as subscription agreements to determine whether they meet the definition of a SBITA as defined in GASB 96. The County identified several contracts that met the definition of a SBITA. As such, the County calculated and recognized a right to use subscription asset and an offsetting liability of \$2,639,853 as of July 1, 2022. The beginning net position was not restated for the adoption of GASB 96.

Subsequent Events

The County has evaluated subsequent events through October 9, 2024, which is the date the financial statements were available to be issued.

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

Note 2. Deposits and Investments

Deposits

The County maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposits at all times. In order to be valid against the FDIC, 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 County 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, and as of June 30, 2023, the County's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County's agent in the County's name or provided surety bond which named the County as beneficiary/obligee on the bond.

Investments

The investment policy adopted for the County contains the following risk related policies:

Interest Rate Risk

The policy does not limit investment maturities as a means of managing its exposure to fair values arising from increasing interest rates.

Credit Risk

The policy limits investments to the following:

- Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken, either directly or through an authorized custodian. The investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky.
- Obligations and contracts for future delivery, or purchase, of obligations backed by the full faith and credit of the United States or a United States government agency.
- Obligations of any corporation of the United States government.
- Certificates of deposit issued by, or other interest-bearing accounts of any bank or savings and loan institute, which are insured by the Federal Deposit Insurance Corporation or similar entity, or which are collateralized to the extent uninsured, by any obligations permitted by KRS 41.240(4).
- Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
- Commercial paper rated in the highest category by a nationally recognized rating agency.
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency.

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

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk

The policy limits the concentration of credit risk as follows:

- The amount of money invested at any time by the County in bankers' acceptances, commercial paper, or bonds or certificates of indebtedness of Kentucky, shall not exceed 20% of the total amount of money invested by the County.
- The County shall not purchase any investment on a margin basis or through the use of any similar leveraging technique.
- With the exception of fully insured or fully collateralized investments, no more than 10% of the County's total investment portfolio shall be invested in a single security type or with a single financial institution.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy on custodial credit risk. As of June 30, 2023, the County investments are neither insured nor registered, but are held by the County's counter party in the County's name.

Investments as of June 30, 2023, that are subject to rating for credit risk and interest rate risk are summarized by maturity below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		<u>Rating</u>
		<u>Less Than 1</u>	<u>1-5</u>	
Cash	\$ 143,366	\$ 143,366	\$ -	N/A
Money Market Funds	23,679,725	23,679,725	-	N/A
Government Securities	71,369,956	28,429,181	42,940,775	N/A
	<u>\$ 95,193,047</u>	<u>\$ 52,252,272</u>	<u>\$ 42,940,775</u>	

Investment Valuation

The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County does not have any investments that are measured using Level 2 or Level 3 inputs.

For those investments measured at fair value, the investments' fair value measurements are as follows at June 30, 2023:

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

Note 2. Deposits and Investments (Continued)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)	Total
Cash	\$ 143,366	\$ -	\$ -	\$ 143,366
Money Market Funds	23,679,725	-	-	23,679,725
Government Securities	71,369,956	-	-	71,369,956
Total Investments	<u>\$ 95,193,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,193,047</u>

Note 3. Notes Receivable

The Boone County Water District had a lease/purchase agreement with the County for the construction of rural water lines. payments were due yearly with interest due semi-annually. The note was formally forgiven by the County effective July 1, 2022. A loss on forgiveness of the note in the amount of \$1,601,086 is recognized in general health and sanitation expenses on the statement of activities for the year ended June 30, 2023.

The County has agreed to use a portion of the \$2,200,000 General Obligation Multi-Purpose Public Project Bond, Series 2006 to complete improvements to the Petersburg Fire Protection Firehouse and apparatus bays (the Project). The Petersburg Fire Protection District has determined to operate and maintain the Project and to make certain annual payments to the County. These annual payments equal Petersburg Fire Protection District's portion of principal and interest due on these bonds. The receivable balance on the lease agreement at June 30, 2023, totaled \$419,255.

The County has agreed to use a portion of the \$7,000,000 General Obligation Public Project Bonds, Series 2007 to complete construction of a fire training facility to be used by numerous fire districts in Boone County. An inter-local agreement was signed by the County and the various fire districts. The districts have agreed that 25% of one cent of their real property assessments will be sent to the County as payment on the note receivable. As of June 30, 2023, the note receivable balance was \$69,897.

The remaining maturities on the notes are as follows:

Years Ended June 30,	
2024	\$ 161,483
2025	94,638
2026	96,673
2027	67,162
2028	<u>69,196</u>
Total	<u>\$ 489,152</u>

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

Note 4. Accounts Receivable

Accounts receivable consists of the following at June 30, 2023.

	Governmental Activities	Business-Type Activities	Total
Taxes - Current	\$ 13,553,753	\$ -	\$ 13,553,753
Excess Fees	304,472	-	304,472
Charges for Service	139,296	-	139,296
Intergovernmental	2,354,296	-	2,354,296
License Fees	392,072	-	392,072
Miscellaneous	4,343,627	82,605	4,426,232
	<u>\$ 21,087,516</u>	<u>\$ 82,605</u>	<u>\$ 21,170,121</u>

Note 5. Subscription-Based Information Technology Arrangements

The County has noncancellable subscription-based information technology arrangements (SBITAs) for the right to use IT vendors' information technology software reportable under GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which was implemented in fiscal year 2023. For SBITAs, the County recognizes a subscription asset with a corresponding subscription liability. The liability has been discounted at the County's estimated incremental borrowing rate on the contracts.

The total amount of subscription assets and the related accumulated amortization are as follows:

	Governmental Activities
Subscription Asset	\$ 2,704,950
Less Accumulated Amortization	<u>769,485</u>
Subscription Asset, Net	<u>\$ 1,935,465</u>

The following schedule details minimum subscription payments to maturity for the County's SBITA liability at June 30, 2023.

Fiscal Year Ended June 30,	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 739,790	\$ 69,100	\$ 808,890
2025	578,538	40,663	619,201
2026	<u>606,237</u>	<u>20,209</u>	<u>626,446</u>
Totals	<u>\$ 1,924,565</u>	<u>\$ 129,972</u>	<u>\$ 2,054,537</u>

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

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 12,384,926	\$ 1,487,276	\$ -	\$ 13,872,202
Roads	223,089,566	5,725,815	-	228,815,381
Construction in Progress	5,487,797	7,549,705	3,466,988	9,570,514
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets Not Being Depreciated	240,962,289	14,762,796	3,466,988	252,258,097
Depreciable Capital Assets				
Land Improvements	18,415,787	955,110	-	19,370,897
Buildings and Building Improvements	68,693,609	1,682,550	-	70,376,159
Equipment	26,495,564	1,167,751	30,000	27,633,315
Furniture and Office Equipment	2,318,683	65,813	-	2,384,496
Vehicles	12,403,928	1,608,695	295,018	13,717,605
Roads	84,903	-	-	84,903
	<hr/>	<hr/>	<hr/>	<hr/>
Total Depreciable Capital Assets	128,412,474	5,479,919	325,018	133,567,375
Total Capital Assets at Historical Cost				
	<hr/>	<hr/>	<hr/>	<hr/>
	369,374,763	20,242,715	3,792,006	385,825,472
Less Accumulated Depreciation For				
Land Improvements	8,339,794	744,895	-	9,084,689
Buildings and Building Improvements	28,557,094	1,681,453	-	30,238,547
Equipment	17,244,130	2,182,775	30,000	19,396,905
Furniture and Office Equipment	1,941,832	104,482	-	2,046,314
Vehicles	9,584,478	1,149,210	284,671	10,449,017
Roads	76,412	-	-	76,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	65,743,740	5,862,815	314,671	71,291,884
Depreciated Capital Assets, Net				
	<hr/>	<hr/>	<hr/>	<hr/>
	62,668,734	(382,896)	10,347	62,275,491
Governmental Activities				
Capital Assets, Net	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 303,631,023	\$ 14,379,900	\$ 3,477,335	\$ 314,533,588

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

Note 6. Capital Assets (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 2,396,478	\$ -	\$ -	\$ 2,396,478
Construction in Progress	17,345	389,368	-	406,713
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets Not Being Depreciated	2,413,823	389,368	-	2,803,191
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciable Capital Assets				
Land Improvements	6,100,594	-	-	6,100,594
Buildings and Building Improvements	6,603,437	-	-	6,603,437
Furniture and Office Equipment	128,572	-	-	128,572
Vehicles and Equipment	1,236,821	25,000	-	1,261,821
	<hr/>	<hr/>	<hr/>	<hr/>
Totals at Historical Cost	14,069,424	25,000	-	14,094,424
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets at Historical Cost	16,483,247	414,368	-	16,897,615
	<hr/>	<hr/>	<hr/>	<hr/>
Less Accumulated Depreciation For				
Land Improvements	5,698,333	24,025	-	5,722,358
Buildings and Building Improvements	2,893,684	232,942	-	3,126,626
Furniture and Office Equipment	121,740	5,525	-	127,265
Vehicles and Equipment	1,074,548	60,762	-	1,135,310
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	9,788,305	323,254	-	10,111,559
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciable Capital Assets, Net	4,281,119	(298,254)	-	3,982,865
	<hr/>	<hr/>	<hr/>	<hr/>
Business-Type Activities Capital Assets, Net	\$ 6,694,942	\$ 91,114	\$ -	\$ 6,786,056

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

	Year Ended June 30, 2022
<u>Governmental Activities:</u>	
General Government	\$ 859,960
Protection to Persons and Property	3,015,959
General Health and Sanitation	41,647
Social Services	2,625
Recreation and Culture	270,895
Roads, Including Depreciation of General Infrastructure Assets	<u>1,671,729</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,862,815</u>
<u>Business-Type Activities</u>	
Golf Course	\$ 314,293
Assisted Housing	<u>8,961</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 323,254</u>

Note 7. Leases

Lease Receivable

The County owns various buildings and land throughout Boone County that are leased to organizations. Each lease has an initial term as well as various renewal options at the end of the lease that are reasonably certain to be exercised. The terms of the renewals expire at various dates through December 2025. The County calculated the present value of future lease revenue based on an incremental borrowing rate ranging from 0.05% to 0.89%.

During the year ended June 30, 2023, the County recognized \$119,945 of lease revenue and \$1,927 of interest revenue under the leases.

Future minimum payments and net present value of these minimum lease payments and net present value of these minimum lease payments included in the remeasurement of the lease receivable as of June 30, 2023, are as follows:

Fiscal Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 113,162	\$ 1,262	\$ 114,424
2025	76,371	574	76,945
2026	<u>28,284</u>	<u>83</u>	<u>28,367</u>
Totals	<u>\$ 217,817</u>	<u>\$ 1,919</u>	<u>\$ 219,736</u>

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Leases (Continued)

Lease Liability

The County entered into various leases for the use of land, equipment, office space, and vehicles. These assets are recognized as right-to-use leased assets with a corresponding lease liability. Each lease has an initial term as well as various renewal options at the end of the lease that are reasonably certain to be exercised. The terms of the renewals expire at various dates through September 2032. The liability has been discounted based on an incremental borrowing rate ranging from 0.47% to 2.01%.

The total amount of lease assets and the related accumulated amortization are as follows:

	Governmental Activities	Business-Type Activities	Total
Leased Asset			
Land	\$ 8,979	\$ -	\$ 8,979
Equipment	1,403,925	108,505	1,512,430
Office Space	867,913	-	867,913
Vehicle	-	345,745	345,745
	<u>2,280,817</u>	<u>454,250</u>	<u>2,735,067</u>
Accumulated Amortization			
Land	3,741	-	3,741
Equipment	479,338	82,469	561,807
Office Space	189,363	-	189,363
Vehicle	-	286,133	286,133
	<u>672,442</u>	<u>368,602</u>	<u>1,041,044</u>
Right to Use Asset, Net	<u>\$ 1,608,375</u>	<u>\$ 85,648</u>	<u>\$ 1,694,023</u>

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Fiscal Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 312,742	\$ 23,239	\$ 335,981
2025	222,557	19,736	242,293
2026	232,046	16,340	248,386
2027	232,931	12,830	245,761
2028	202,488	9,390	211,878
2029-2033	452,543	13,450	465,993
Totals	<u>\$ 1,655,307</u>	<u>\$ 94,985</u>	<u>\$ 1,750,292</u>

Fiscal Year Ended June 30,	Business-Type Activities		
	Principal	Interest	Total
2024	<u>\$ 105,809</u>	<u>\$ 121</u>	<u>\$ 105,930</u>

Note 8. Accounts Payable

Accounts payable consists of the following at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 854,266	\$ -	\$ 854,266
Protection to Persons and Property	144,446	-	144,446
General Health and Sanitation	617,736	-	617,736
Social Services	150,049	10,639	160,688
Recreation and Culture	61,463	220,949	282,412
Roads	188,027	-	188,027
Fleet Services	13,593	-	13,593
Capital Projects	1,459,115	-	1,459,115
Administration	288,228	-	288,228
Insurance Claims	564,585	-	564,585
	<u>\$ 4,341,508</u>	<u>\$ 231,588</u>	<u>\$ 4,573,096</u>

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 9. Long-Term Liabilities

The following is a summary of the County's long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 4,180,000	\$ -	\$ 80,000	\$ 4,100,000	\$ 80,000
Special Revenue Bonds	1,135,000	-	1,135,000	-	-
Unamortized Premium	55,151	-	3,343	51,808	3,343
Unamortized Discount	(1,029)	-	(1,029)	-	-
Lease Liability	1,921,439	48,854	314,986	1,655,307	312,742
Compensated Absences	828,853	78,509	-	907,362	59,697
Estimated Liability for Claims - HRA Accounts	1,179,808	-	137,780	1,042,028	92,862
Governmental Activities Long-term Liabilities	<u>9,299,222</u>	<u>127,363</u>	<u>1,670,080</u>	<u>7,756,505</u>	<u>548,644</u>
Business-Type Activities					
Lease Liability	281,755	-	175,946	105,809	105,809
Compensated Absences	95,445	8,630	-	104,075	1,984
Accrued Other	173,831	-	47,464	126,367	58,999
Business-Type Activities Long-Term Liabilities	<u>551,031</u>	<u>8,630</u>	<u>223,410</u>	<u>336,251</u>	<u>166,792</u>
Long-Term Liabilities	<u>\$ 9,850,253</u>	<u>\$ 135,993</u>	<u>\$ 1,893,490</u>	<u>\$ 8,092,756</u>	<u>\$ 715,436</u>

Series 2015 - General Obligation Refunding Bonds

The County issued General Obligation Bonds for the purpose of refunding the outstanding amount of both the 2003C and 2006 General Obligation Bonds. The Series 2015, dated September 24, 2015, were issued at various interest rates ranging from 2.0% to 2.375% and were scheduled to be retired on November 1, 2027. Interest payments were due by May 1st and November 1st with principal payments due November 1st each year. In November 2021, the County defeased the General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2023, \$2,060,000 of the bonds outstanding is considered defeased.

Series 2018 - General Obligation Bonds

The County issued General Obligation Bonds for the purpose of renovating the golf clubhouse. The Series 2018, dated December 28, 2018, was issued at various interest rates ranging from 3.0% to 3.5% and will be retired on December 1, 2038. Interest payments are due by December 1st and June 1st with principal payments due June 1st each year. Principal payments are required and scheduled interests for the retirement of the bonds are as follows:

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 9. Long-Term Liabilities (Continued)

<u>Year Ended June 30</u>	<u>Scheduled Principal</u>	<u>Scheduled Interest</u>
2024	\$ 80,000	\$ 129,982
2025	175,000	126,157
2026	180,000	120,832
2027	185,000	115,357
2028	190,000	109,732
2029-2033	1,140,000	452,354
2034-2038	1,745,000	231,187
2039	405,000	7,088
	<u>\$ 4,100,000</u>	<u>\$ 1,292,689</u>

Special Revenue Bonds - Public Properties

During 2012, the County issued \$9,840,000 in bonds where the County pledged income derived from the acquired or constructed assets, to pay the debt service. The Series 2011 was issued at various interest rates ranging from 1.0% to 2.5% and was scheduled to be retired on September 1, 2022. Interest payments were due by March 1st and September 1st with principal payments due September 1st each year. The bonds were paid off during the June 30, 2023, fiscal year.

Direct Borrowings and Direct Placements

The County does not have an outstanding balance from direct borrowings and direct placements related to governmental activities. The County has not pledged assets as collateral for any debt.

Conduit Debt Obligations

From time to time the County has issued bonds, notes, etc. to provide financial assistance to various entities 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 Boone County Fiscal Court's name as issuer, the County 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 County 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, the outstanding principal on these bonds were \$480,378,862.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan

General Information about the Pension Plan

Plan description: County Employees Retirement System (CERS) consists of two plans, Nonhazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority (KPPA) under the provision of Kentucky Revised Statute Section 78.782 and 61.645. The plan was formerly administered by the Kentucky Retirement System (KRS). However, during the 2020 Legislative Session, House Bill 484 was passed establishing a new governance structure for the agency that operates the system. Effective April 1, 2021, KRS as an agency of the Commonwealth became known as the KPPA. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

Benefits provided: These systems provide for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

Non-hazardous Plan:

**Tier 1: Retirement Eligibility for Members Whose Participation
Began Before 09/01/2008**

Age	Years of Service	Allowance Reduction
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.

**Tier 2: Retirement Eligibility for Members Whose Participation
Began On or After 9/01/2008 but Before 01/01/2014**

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service).

**Tier 3: Retirement Eligibility for Members Whose Participation
Began On or After 1/01/2014**

Age	Years of Service	Allowance Reduction
65	5	None
57	Rule of 87	None

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

Benefit Formula for Tiers 1 & 2				
Final Compensation	X	Benefit Factor	X	Years of Service
Average of the five highest years of compensation if participation began before 09/01/2008.	2.20% if:	Member begins participating prior to 08/01/2004.		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	2.00% if:	Member begins participating prior to 08/01/2004 and before 09/01/2008.		
Average of the last five years of compensation if participation began on or after 09/01/2008 but before 01/01/2014.	Increasing percent based on service at retirement* plus 2.00% for each year of service over 30 if:	Member begins participating on or after 08/01/2004 but before 01/01/2014.		

* **Service** (and **Benefit Factor**) : **10 years or less** (1.10%); **10-20 years** (1.30%); **20-26 years** (1.50%); **26-30 years** (1.75%)

Hazardous Plan:

Tier 1: Retirement Eligibility for Members Whose Participation Began Before 09/01/2008

Age	Years of Service	Allowance Reduction
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.

Tier 2: Retirement Eligibility for Members Whose Participation Began On or After 9/01/2008 but Before 01/01/2014

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.

Tier 3: Retirement Eligibility for Members Whose Participation Began On or After 1/01/2014

Age	Years of Service	Allowance Reduction
60	5	None
Any	25	None

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

Benefit Formula for Tiers 1 & 2				
Final Compensation	X	Benefit Factor	X	Years of Service
Average of the three highest years of compensation if participation began before 09/01/2008.	2.50% if:	Member begins participating before 09/01/2008.		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
Average of the three highest complete years of compensation if participation began on or	Increasing percent based on service at retirement* if:	Member begins participation on or after 09/01/2008 but before 01/01/2014.		

* **Service** (and Benefit Factor) : **10 years or less** (1.30%); **10-20 years** (1.50%); **20-25 years** (2.25%); **25 + years** (2.50%)

Non-hazardous and Hazardous Plans:

Benefit Formula for Tier 3					
Accumulate Account Balance / Actuarial Factor = Monthly Life Annuity					
Accumulate Account Balance					
	Member Contributions	Employer Contributions	Base Annual Interest	Upside Sharing Interest (FY 2021)	Actuarial Factor
Non-hazardous	5.00%	4.00%	4.00%	5.68%	Various*
Hazardous	8.00%	7.50%	4.00%	5.79%	Various*

*See www.kyret.gov for most recent actuarial factors.

For post-retirement death benefits, if the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

For disability benefits, members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed as the higher of 20% for non-hazardous and 25% for hazardous of Final Rate of Pay or the amount calculated under the Benefit Formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. The hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the system as a lump sum or an annuity equal to the larger of 20% for non-hazardous and 25% for hazardous of the member's monthly final rate of pay or the annuitized account into a single life annuity option. Members disabled as a result of a single duty- related injury or act of violence related to their job may be eligible for special benefits.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

For pre-retirement death benefits, the beneficiary of a deceased active member will be eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

The Kentucky General Assembly has the authority to increase, suspend, or reduce Cost of Living Adjustments (COLAs). Senate Bill 2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100.00% funded or (2) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

House Bill (HB) 297 passed during the 2022 legislative session and included language allowing the Systems to provide health insurance coverage through the Kentucky Employees Health Plan (KEHP) for retired reemployed retirees who are Medicare-eligible and affected by the Medicare Secondary Payer Act (MSPA). HB 1 exempts pay raises for public defenders and their staff from pension spiking provisions, while HB 49 adds two pension spiking exemptions on a broader scope: 1. The first one hundred (100) hours of mandated overtime required by an employer during a fiscal year, and 2. Any overtime performed by a local government which the Governor authorizes mobilization of the Kentucky National Guard. HB 76 creates an exception for members "bound by an educational contract prior to December 31, 2003" with the Department of Transportation, to use the start date of the contract to establish the membership date and to purchase service credit after August 1, 2004, allowing the service purchase(s) to apply toward retirement eligibility and health insurance vesting. SB 27 allows part-time adjunct instructors for the Kentucky Fire Commission, meeting specific conditions, to retire from CERS without terminating employment as part-time instructors. Lastly, SB 209 increases the non-Medicare eligible subsidy for \$5 for each year worked beyond the defined career threshold for members eligible for the fixed-dollar retiree health subsidy. The annual increase will only occur if the most recent actuarial valuation determines the funding level of the retiree health benefits is at least 90% and will remain at that level for the year. Additionally, the bill allows members eligible for the fixed-dollar health subsidy to be reimbursed for health insurance premiums other than those administered by KPPA.

Contributions: The employee contribution rate is set by state statute. Plan members who began participating prior to September 1, 2008 are required to contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on or after September 1, 2008, and before January 1, 2014 are required to contribute 6.00% (non-hazardous) or 9.00% (hazardous) of their annual creditable compensation. Further, 1.00% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Insurance Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

Tier 3 plan members who began participating on or after January 1, 2014, are 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 contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1.00% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund, which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4.00% (non-hazardous) or 7.50% (hazardous) of the members monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the member's contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates the employee and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is paid into the Tier 3 member's account. The account currently earns 4.00% interest credit on the member's accumulated account balance as of June 30th of the previous year. The member's account may be credited with additional interest if the fund's five-year Geometric Average Net Investment Return (GANIR) exceeded 4.00%. If the member was actively employed and participating in the fiscal year, and if KPPA's GANIR for the previous five years exceeds 4.00%, then the member's account will be credited with 75.00% of the amount of returns over 4.00% on the account balance as of June 30th of the previous year (Upside Sharing Interest). It is possible that one fund in KPPA may get an Upside Sharing Interest, while another may not.

Local government participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per the Kentucky Revised Statute Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate based on Kentucky Revised Statute section 78.545(33) each following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. House Bill 362 passed during the 2018 legislative session, which caps CERS employer contribute rate increases up to 12.00% per year over the prior fiscal year for a period of July 1, 2018 to June 30, 2028.

For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) for the non-hazardous system and 49.59% (42.81% pension fund and 6.78% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation. Contributions to the pension fund from the County were \$4,285,805 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a liability of \$40,022,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2023, the County's proportion for the non-hazardous system was 0.395448% and for the hazardous system was 0.374755%. This was a decrease of 0.002122% and 0.011528%, respectively.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

For the year ended June 30, 2023, the County recognized a pension benefit of \$1,003,172. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 996,995	\$ -
Difference Between Expected and Actual Experience	358,439	254,580
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	50,141	622,033
Contributions After Measurement Date	<u>4,285,805</u>	<u>-</u>
 Total	 <u>\$ 5,691,380</u>	 <u>\$ 876,613</u>

\$4,285,805 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
<u> </u>	
2024	\$ (108,392)
2025	(84,317)
2026	(352,116)
2027	<u>1,073,787</u>
 Total	 <u>\$ 528,962</u>

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

Actuarial assumptions: The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, Varies by Service for Non-hazardous; 3.55% to 19.05%, Varies by Service for Hazardous
Investment Rate of Return	6.25% Net of Pension Plan Investment Expense, Including Inflation

There have been no actuarial assumption or method changes since June 30, 2021.

The mortality table used for active members was a PUB-2010 General Mortality table with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, project with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term (10-year) expected return on plan assets was determined by using a building-block method in which best estimated ranges of expected future real returns were developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Diversifying Strategies	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate: The single discount rate used to measure the total pension liability was 6.25%. The single discount rate was based on the expected rate of return on pension plan investments for the system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan member. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the system.

The projections of cash flows used to determine the single discount rate includes an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in CERS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 Legislative Session. The assumed future employer contributions for CERS reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12.00% over the prior fiscal year through June 30, 2028.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Pension Plan (Continued)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following present's the County's proportionate share of the net pension liability using the discount rate of 6.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1- percentage-point higher (7.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$ 35,753,190	\$ 28,586,989	\$ 22,678,970
Hazardous	14,244,773	11,435,489	9,147,500
Total	<u>\$ 49,997,963</u>	<u>\$ 40,022,478</u>	<u>\$ 31,826,470</u>

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2021 valuation date.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

Note 11. OPEB Plan

General Information About the OPEB Plan

Plan description: County Employees Retirement System consists of two plans, Non-hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pension Authority (KPPA) under the provisions of Kentucky Revised Statute Section 78.782 and 61.645. The plan was formerly administered by the Kentucky Retirement System (KRS). However, during the 2020 Legislative Session, House Bill 484 was passed establishing a new governance structure for the agency that operates the system. Effective April 1, 2021, KRS as an agency of the Commonwealth became known as the KPPA. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS.

Benefits provided: The KRS' Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

BOONECOUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 11. OPEB Plan (Continued)

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of KRS 61.692. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

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

Portion Paid by Insurance Fund	
Years of Service	Paid by Insurance Fund (%)
20 + Years	100%
15 - 19 Years	75%
10 - 14 Years	50%
4 - 9 Years	25%
Less Than 4 Years	0%

Contributions: The employee contribution rate is set by state statute. Plan members who began participating prior to September 1, 2008 are required to contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on or after September 1, 2008, and before January 1, 2014 are required to contribute 6.00% (non-hazardous) or 9.00% (hazardous) of their annual creditable compensation. Further, 1.00% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC section 401(h) in the Insurance Fund. These members were classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts at a rate of 2.50%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1.00% contribution to the 401(h) account is non-refundable and is forfeited.

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

Note 11. OPEB Plan (Continued)

Tier 3 plan members who began participating on or after January 1, 2014, are 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 contribute 5.00% (non-hazardous) or 8.00% (hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1.00% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund, which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4.00% (non-hazardous) or 7.50% (hazardous) of the members monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the member's contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates the employee and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is paid into the Tier 3 member's account. The account currently earns 4.00% interest credit on the member's accumulated account balance as of June 30th of the previous year. The member's account may be credited with additional interest if the fund's five-year Geometric Average Net Investment Return (GANIR) exceeded 4.00%. If the member was actively employed and participating in the fiscal year, and if KPPA's GANIR for the previous five years exceeds 4.00%, then the member's account will be credited with 75.00% of the amount of returns over 4.00% on the account balance as of June 30th of the previous year (Upside Sharing Interest). It is possible that one fund in KPPA may get an Upside Sharing Interest, while another may not.

Local government participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per the Kentucky Revised Statute Section 78.545(33). The CERS Board of Trustees establishes the employer contribution rate based on Kentucky Revised Statute section 78.545(33) each following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. House Bill 362 passed during the 2018 legislative session, which caps CERS employer contribute rate increases up to 12.00% per year over the prior fiscal year for a period of July 1, 2018 to June 30, 2028.

For the fiscal year ended June 30, 2023, participating employers contributed 26.79% (23.40% pension fund and 3.39% insurance fund) for the non-hazardous system and 49.59% (42.81% pension fund and 6.78% insurance fund) for the hazardous system of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal years were a percentage of each employee's creditable compensation. Contributions to the insurance fund from the County were \$638,337 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the County reported a liability of \$10,994,227 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At June 30, 2023, the County's proportion for the non-hazardous system was 0.395379% and for the hazardous system was 0.374668%. This was a decrease of 0.002098% and 0.011614%, respectively.

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

Note 11. OPEB Plan (Continued)

For the year ended June 30, 2023, the County recognized OPEB expense of \$871,585. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 433,181	\$ -
Difference Between Expected and Actual Experience	855,938	1,978,387
Changes of Assumptions	1,766,809	1,565,992
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	138,021	358,055
Contributions After Measurement Date	<u>638,337</u>	<u>-</u>
Total	<u>\$3,832,286</u>	<u>\$ 3,902,434</u>

\$638,337 reported as deferred outflows of resources related to OPEB resulting from County contributions, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2024	\$ (22,005)
2025	(41,929)
2026	(597,877)
2027	65,882
2028	<u>(112,556)</u>
Total	<u>\$ (708,485)</u>

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

Note 11. OPEB Plan (Continued)

Actuarial assumptions: The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30% (varies by service) Non-Hazardous 3..55% to 19.05% (varies by service) Hazardous
Investment rate of return	6.25%
Healthcare Cost Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 2.90% at January 1, 2022 and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality Table, for the non-hazardous systems, and the PUB-2020 Public Safety Mortality table for the hazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

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

Note 11. OPEB Plan (Continued)

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB Liability as of June 30, 2022, was determined using these updated provisions. There were no other material plan provision changes.

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

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

Note 11. OPEB Plan (Continued)

Discount rate: The single discount rate used to measure the total OPEB liability was 5.70% for nonhazardous and 5.61% for hazardous. The single discount rate was based on the expected rate of return on the OPEB plan investments of 6.25% and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's insurance fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Insurance Plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate: The following present's the County's proportionate share of the net OPES liability, as well as what the County's proportionate share of the net OPES liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70% for non-hazardous and 4.61% for hazardous) or 1-percentage-point higher (6.70% for non-hazardous and 6.61% for hazardous) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Non-hazardous	\$ 10,431,177	\$ 7,802,858	\$ 5,630,114
Hazardous	4,434,312	3,191,369	2,181,867
	<u>\$ 14,865,489</u>	<u>\$ 10,994,227</u>	<u>\$ 7,811,981</u>

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following present's the County's proportionate share of the net OPES liability, as well as what the County's proportionate share of the net OPES liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Non-hazardous	\$ 5,801,252	\$ 7,802,858	\$ 10,206,410
Hazardous	2,228,493	3,191,369	4,365,063
	<u>\$ 8,029,745</u>	<u>\$ 10,994,227</u>	<u>\$ 14,571,473</u>

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

Note 11. OPEB Plan (Continued)

Changes of assumptions: There were no changes in actuarial assumptions for the June 30, 2021 valuation update.

Pension plan fiduciary net position: Detailed information about the OPES plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

Note 12. Insurance

For the fiscal year ended June 30, 2023, Boone County 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 a 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 13. Governmental Activities – Internal Service Fund

Self Insurance Fund

The Self Insurance Fund was established in 1999 to cover all health insurance costs, including medical and dental claims, prescriptions and any fixed administrative cost related to health insurance. In fiscal year 2007, in an effort to decrease insurance costs to the County's health insurance, and increase reserves in the account, a Health Reimbursement Arrangement (HRA) was set up for each employee on the plan to coincide with a higher deductible plan. These dollars are to reimburse any covered persons' out of pocket deductible or co-insurance expenses. Each single plan was given \$1,000 and all other plans \$2,000 in January 2009.

The total liability of these HRA dollars at the fiscal year ended June 30, 2023 was \$1,042,028, which includes all departments on the plan (Fiscal Court, Sheriff, County Clerk, Soil Conservation District, and Planning Commission). In the statement of net position, the Self Insurance Fund shows a cash balance of \$1,290,323 and an investment balance of \$2,039,973. The net position on June 30, 2023 is a positive \$2,154,846.

In 2023, the County paid out 11.0% of total HRA liability, including the rolled over amounts from 2022.

Cash Balance, Beginning of Year	\$ 4,714,930
Premiums Collected	5,640,174
Interest Earned	30,716
Claims Paid	(7,088,687)
Purchase of Investments	(3,000,000)
Sale of Investments	993,190
	<hr/>
Cash Balance, End of Year	<u>\$ 1,290,323</u>

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

Note 14. Inter-Fund Transactions

The following is a list of inter-fund transactions as of June 30, 2023:

Total	General Fund	Road and Bridge Fund	Jail Fund	Utility Development Fund	Capital Improvements Fund	Federal Grants Fund	Tax Improvement Fund	Golf Course Fund	Jail Canteen Fund	Custodial Funds
\$ -	\$ (7,670,393) 1	\$ 7,670,393 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(5,000,000) 2	-	-	-	5,000,000 2	-	-	-	-	-
-	(2,746,588) 3	-	2,746,588 3	-	-	-	-	-	-	-
-	39,577 4	-	-	-	-	-	(39,577) 4	-	-	-
-	212,334 5	-	-	-	-	-	-	(212,334) 5	-	-
-	26 6	-	-	-	-	(26) 6	-	-	-	-
-	(619,380) 7	-	-	619,380 7	-	-	-	-	-	-
-	(154) 8	-	-	-	-	-	-	-	154 8	-
-	-	-	-	-	-	-	-	-	22,867 9	(22,867) 9
Total Transfer										
To Other Funds										
\$ (16,311,319)	\$ (16,036,515)	\$ -	\$ -	\$ -	\$ -	\$ (26)	\$ (39,577)	\$ (212,334)	\$ -	\$ (22,867)
Total Transfer										
From Other Funds										
\$ 16,311,319	\$ 251,937	\$ 7,670,393	\$ 2,746,588	\$ 619,380	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 23,021	\$ -

1. For road improvement projects.
2. For multiple construction projects taking place during the Fiscal Year.
3. To supplement jail operation costs.
4. For interest received.
5. Golf Course debt repayments.
6. For interest received.
7. For utility development projects taking place.
8. For jail prisoners fund interest received.
9. For jail prisoners fund excess balance, abandoned moneys, and interest transferred.

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

Note 15. Deferred Compensation

On February 24, 2000, the County 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 Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862 or by telephone at (502) 573-7925.

Note 16. Tax Abatements

The County participates in the Commonwealth of Kentucky's Kentucky Business Investment Program. The Kentucky Business Investment Program is a statement administered tax incentive, authorized by Kentucky Revised Statutes 154.32, and approved by the Kentucky Economic Development Finance Authority. In order to be eligible, a company must create 10 new full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, pay average hourly wages of at least 150% of the federal minimum wage, and provide a minimum level of benefits by the activation date. Incentives are approved for up to 10 years. The County participates by providing inducements of various percentages of the Boone County Ordinance 07-27 payroll tax to the company per authorized job. The eligible amount of the tax abatement for each business is negotiated as part of the tax incentive agreement. This reduces the payroll taxes paid per job from 0.08% to 0.06%, 0.04%, 0.02%, and 0.00%. The local inducement is approved by resolution of the Boone County Fiscal Court. If the above eligibility requirements are met as of the activation date and are not met at the annual review date(s), the incentives may be suspended or, with the appropriate approval from KEDFA, terminated. Abated taxes may be recaptured for failure to comply with Kentucky Cabinet for Economic Development, Kentucky Department of Revenue, or Boone County Fiscal Court compliance reporting.

The amount of taxes abated for the year ending June 30, 2023 were as follows:

<u>Program</u>	<u>Taxes Abated</u>
Kentucky Business Investment	<u>\$ 93,676</u>

Note 17. Contingent Liabilities

The County is, from time to time, a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

REQUIRED SUPPLEMENTARY INFORMATION

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2023

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 58,425,000	\$ 58,425,000	\$ 62,271,816	\$ 3,846,816
In Lieu Tax Payments	140,000	140,000	144,070	4,070
Excess Fees	3,728,500	3,728,500	9,147,111	5,418,611
Licenses and Permits	2,230,000	2,230,000	2,558,212	328,212
Intergovernmental	2,081,000	2,336,000	3,199,443	863,443
Charges for Services	1,772,595	1,772,595	1,645,766	(126,829)
Miscellaneous	885,036	672,654	982,879	310,225
Interest	505,000	505,000	1,154,894	649,894
Total Revenues	69,767,131	69,809,749	81,104,191	11,294,442
Expenditures				
General Government	8,605,936	9,438,810	8,345,722	1,093,088
Protection to Persons and Property	22,426,974	24,025,123	22,189,969	1,835,154
General Health and Sanitation	904,951	905,951	773,941	132,010
Social Services	159,527	161,027	125,288	35,739
Recreation and Culture	4,157,990	4,494,196	3,866,257	627,939
Debt Service	212,382	212,382	212,334	48
Administration	49,313,064	46,798,335	13,029,349	33,768,986
Total Expenditures	85,780,824	86,035,824	48,542,860	37,492,964
Excess of Revenues Over Expenditures	(16,013,693)	(16,226,075)	32,561,331	48,787,406
Other Financing Sources (Uses)				
Operating Transfers In	-	212,382	318,728	106,346
Operating Transfers Out	(16,036,361)	(16,036,361)	(16,036,361)	-
Total Other Financing Sources (Uses)	(16,036,361)	(15,823,979)	(15,717,633)	106,346
Net Change in Fund Balances	(32,050,054)	(32,050,054)	16,843,698	48,893,752
Fund Balances July 1, 2022	32,050,054	32,050,054	35,153,015	3,102,961
Fund Balances June 30, 2023	\$ -	\$ -	\$ 51,996,713	\$ 51,996,713

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD AND BRIDGE FUND			
	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget (Unfavorable) Favorable
Revenues				
Licenses and Permits	\$ 85,000	\$ 85,000	\$ 129,389	\$ 44,389
Intergovernmental	3,124,865	3,124,865	3,065,745	(59,120)
Charges for Services	275,000	275,000	265,180	(9,820)
Miscellaneous	611,000	611,000	632,905	21,905
Interest	-	-	64,278	64,278
Total Revenues	4,095,865	4,095,865	4,157,497	61,632
Expenditures				
Protection to Person & Property	176,204	172,004	158,251	13,753
General Health and Sanitation	1,296,791	1,356,189	1,066,712	289,477
Roads	10,943,787	12,729,802	9,726,014	3,003,788
Fleet Service	940,231	1,076,831	948,566	128,265
Administration	4,151,576	2,173,763	1,543,005	630,758
Total Expenditures	17,508,589	17,508,589	13,442,548	4,066,041
Deficit of Revenues Over Expenditures	(13,412,724)	(13,412,724)	(9,285,051)	4,127,673
Other Financing Sources				
Operating Transfers In	7,670,393	7,670,393	7,670,393	-
Net Change in Fund Balances	(5,742,331)	(5,742,331)	(1,614,658)	4,127,673
Fund Balances July 1, 2022	5,742,331	5,742,331	8,308,013	2,565,682
Fund Balances June 30, 2023	\$ -	\$ -	\$ 6,693,355	\$ 6,693,355

BOONE COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Budgetary Basis
For The Year Ended June 30, 2023
(Continued)

UTILITY DEVELOPMENT FUND				
	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 2,100,000	\$ 2,100,000	\$ 100,000	\$ (2,000,000)
Miscellaneous	25,000	25,000	32,646	7,646
Interest	-	-	300,455	300,455
Total Revenues	<u>2,125,000</u>	<u>2,125,000</u>	<u>433,101</u>	<u>(1,691,899)</u>
Expenditures				
Capital Projects	<u>26,182,872</u>	<u>26,182,872</u>	<u>11,404,370</u>	<u>14,778,502</u>
Deficit of Revenues Over Expenditures	<u>(24,057,872)</u>	<u>(24,057,872)</u>	<u>(10,971,269)</u>	<u>13,086,603</u>
Other Financing Sources				
Operating Transfers In	<u>619,380</u>	<u>619,380</u>	<u>619,380</u>	<u>-</u>
Net Change In Fund Balance	<u>(23,438,492)</u>	<u>(23,438,492)</u>	<u>(10,351,889)</u>	<u>13,086,603</u>
Fund Balances July 1, 2022	<u>23,438,492</u>	<u>23,438,492</u>	<u>23,153,988</u>	<u>(284,504)</u>
Fund Balances June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,802,099</u>	<u>\$ 12,802,099</u>

BOONE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

The County budget is adopted on a cash basis of accounting according to the laws Kentucky. The Fund statements are presented on a modified accrual basis of accounting, as required by generally accepted accounting principles. The following schedule reconciles the actual results of the two statements:

	General Fund	Road and Bridge Fund	Utility Development Fund
Revenues			
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 81,104,191	\$ 4,157,497	\$ 433,101
Accounts Receivable June 30, 2022	(14,265,947)	(572,059)	(33,646)
Accounts Receivable June 30, 2023	14,058,516	671,905	-
Interest Receivable June 30, 2022	(467)	-	-
Interest Receivable June 30, 2023	206,255	-	18,646
Lease Receivable June 30, 2022	(334,459)	-	-
Lease Receivable June 30, 2023	217,817	-	-
Accounts Payable June 30, 2022	400	-	-
Accounts Payable June 30, 2023	-	(78,713)	-
Unearned Revenues June 30, 2022	-	285,964	18,009,147
Unearned Revenues June 30, 2023	-	-	(14,956,281)
Unavailable Revenue - Other June 30, 2022	1,411,306	37,657	-
Unavailable Revenue - Other June 30, 2023	(1,830,881)	(179,299)	-
Deferred Inflows Related to Leases June 30, 2022	325,975	-	-
Deferred Inflows Related to Leases June 30, 2023	(206,030)	-	-
Change in Note Receivable Balance	(89,550)	-	-
Unrealized Loss on Investments	(398,361)	-	61,696
Reclassification	12	-	-
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	\$ 80,198,777	\$ 4,322,952	\$ 3,532,663
Expenses			
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual	\$ 48,542,860	\$ 13,442,548	\$ 11,404,370
Accounts Payable June 30, 2022	(392,328)	(640,624)	(3,466,831)
Accounts Payable June 30, 2023	501,129	137,007	1,288,989
Accrued Payroll June 30, 2022	(367,331)	(120,932)	-
Accrued Payroll June 30, 2023	410,248	135,353	-
Compensated Absences Payable June 30, 2022	(414,002)	(138,759)	-
Compensated Absences Payable June 30, 2023	432,651	158,168	-
Loss on Forgiveness of Note Receivable	1,601,086	-	-
Capital Outlays for Right to Use Assets	4,479	-	-
Capital Outlays for Subscription Assets	42,417	-	-
Reclassification	12	1	-
Schedule of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	\$ 50,361,221	\$ 12,972,762	\$ 9,226,528

BOONE COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023
(Continued)

	General Fund	Road and Bridge Fund	Utility Development Fund
Other Financing (Uses) Sources			
Schedule of Revenues, Expenditures and Changes			
In Fund Balance Budget and Actual	\$ (15,717,633)	\$ 7,670,393	\$ 619,380
Proceeds from Right to Use Assets	4,479	-	-
Proceeds from Subscription Assets	42,417	-	-
Golf Course Bond Payment	(66,945)	-	-
Schedule of Revenues, Expenditures and Changes			
In Fund Balances - Governmental Funds	\$ (15,737,682)	\$ 7,670,393	\$ 619,380
Ending Balance			
Schedule of Revenues, Expenditures and Changes In Fund Balance Budget and Actual			
	\$ 51,996,713	\$ 6,693,355	\$ 12,802,099
Notes Receivable	419,255	-	-
Accounts Receivable	14,058,516	671,905	-
Interest Receivable	206,255	-	18,646
Lease Receivable	217,817	-	-
Restricted Cash	10,463,214	-	-
Restricted Investments	4,992,233	-	-
Due from Other Funds	-	-	-
Accounts Payable	(1,202,182)	(215,720)	(1,288,989)
Accrued Payroll	(410,248)	(135,353)	-
Due to Other Funds	(6,356)	(8,641)	-
Compensated Balances Payable	(432,651)	(158,168)	-
Unearned Revenues	-	-	(14,956,281)
Unavailable Revenue - Intergovernmental	(1,830,881)	(179,299)	-
Deferred Inflows Related to Leases	(206,030)	-	-
Net Profit Tax Extensions Payable	(14,754,394)	-	-
Unrealized Loss on Investments	(398,361)	-	61,696
Schedule of Revenues, Expenditures and Changes			
In Fund Balances - Governmental Funds	\$ 63,112,900	\$ 6,668,079	\$ (3,362,829)

BOONE COUNTY
CONDITION RATING OF THE COUNTY'S STREET SYSTEM
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Road System Length in Miles:	450.8	448.0	469.0	463.5	437.1
Total Road System PCI Average:	70	70	71	72	72
Percentage of Lane Miles With PCI Greater Than or Equal to 65:	59%	60%	62%	64%	69%
Percentage of Lane Miles With PCI Less Than 65:	41%	40%	38%	36%	31%
Backlog as a Percentage of Total Lane Miles:	4%	4%	3%	2%	2%
Comparison of Needed-to-Actual Maintenance/Preservation:					
Needed	\$ 5,946,375	\$ 4,902,989	\$ 5,102,127	\$ 4,720,128	\$ 4,597,780
Actual	\$ 5,539,161	\$ 3,980,202	\$ 2,628,899	\$ 2,841,981	\$ 3,696,607

Note: As of June 30, 2015, the County switched to a new pavement quality standard known as Pavement Condition Index (PCI), an analysis methodology and data collection technology based on the latest version of ASTM D6433 Standard Practice for Roads and Parking Lots Pavement Condition Index Surveys for assessment of pavement surface condition and the International Roughness Index for quantification of pavement roughness. These measurements of pavement quality are combined to form an overall 0 to 100 Pavement Condition Index, with 100 being the best.

Roads and streets with a PCI score less than 40 are referred to as "Backlog" roads. These roads and streets are past their due point for overlay or surface-based rehabilitation and may require heavier or thicker forms of rehabilitation or total reconstruction.

Under the adopted PCI standard, the County accepted the professional recommendations from IMS to set the minimum total road system average of 65 or higher and backlog as a percentage of total lane miles to 10% or less.

**BOONE COUNTY
CERS PENSION AND OPEB SCHEDULES
Required Supplementary Information**

June 30, 2023

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BOONE COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2023

County Employees Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Fiscal Court's proportionate percentage of the net pension liability									
Hazardous	0.395448%	0.397570%	0.399009%	0.382318%	0.375462%	0.374627%	0.382260%	0.377834%	0.378294%
Non-Hazardous	0.374755%	0.386283%	0.401905%	0.420994%	0.434906%	0.406650%	0.399048%	0.360644%	0.330197%
The Fiscal Court's proportionate share of the net pension liability									
Hazardous	\$ 28,586,989	\$ 25,348,206	\$ 30,603,660	\$ 26,888,595	\$ 22,866,780	\$ 21,928,070	\$ 18,821,045	\$ 16,245,063	\$ 12,273,284
Non-Hazardous	11,435,489	10,283,469	12,117,550	11,629,098	10,518,014	9,097,894	6,847,425	5,536,269	3,968,390
	<u>\$ 40,022,478</u>	<u>\$ 35,631,675</u>	<u>\$ 42,721,210</u>	<u>\$ 38,517,693</u>	<u>\$ 33,384,794</u>	<u>\$ 31,025,964</u>	<u>\$ 25,668,470</u>	<u>\$ 21,781,332</u>	<u>\$ 16,241,674</u>
The Fiscal Court's covered-employee payroll	\$ 13,724,931	\$ 12,884,035	\$ 12,783,622	\$ 12,117,952	\$ 12,070,563	\$ 11,272,839	\$ 11,629,174	\$ 11,001,641	\$ 10,935,677
The Fiscal Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll									
Hazardous	291.60%	276.56%	334.19%	317.86%	276.58%	275.23%	220.72%	197.98%	148.52%
Plan fiduciary net position as a percentage of the total pension liability									
Hazardous	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.00%	59.97%	66.80%
Non-Hazardous	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	53.46%

*Only nine years of information available. Additional years' information will be displayed as it becomes available.

BOONE COUNTY
SCHEDULE OF COUNTY'S PENSION CONTRIBUTIONS
June 30, 2023

County Employees Retirement System
Last 10 Fiscal Years

Nonhazardous & Hazardous	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contributions										
Hazardous	\$ 2,993,865	\$ 2,358,246	\$ 2,006,766	\$ 1,993,747	\$ 1,568,165	\$ 1,352,036	\$ 1,276,916	\$ 1,140,081	\$ 1,136,496	\$ 1,200,715
Non-Hazardous	1,291,940	875,405	747,377	737,470	609,319	536,849	474,605	417,290	382,115	364,344
Contributions in Relation to the										
Contractually Required Contribution										
Hazardous	(2,993,865)	(2,358,246)	(2,006,766)	(1,993,747)	(1,568,165)	(1,352,036)	(1,276,916)	(1,568,165)	(1,352,036)	(1,276,916)
Non-Hazardous	(1,291,940)	(875,405)	(747,377)	(737,470)	(609,319)	(536,849)	(474,605)	(417,290)	(382,115)	(364,344)
Covered Payroll										
Hazardous	12,794,295	11,139,565	10,397,751	10,330,295	9,667,644	9,522,842	9,127,484	9,467,267	9,014,830	9,060,903
Non-Hazardous	3,017,846	2,585,366	2,486,284	2,453,327	2,450,308	2,547,721	2,145,355	2,161,911	1,986,811	1,874,774
Contributions as a Percentage of										
Covered Payroll										
Hazardous	23.40%	21.17%	19.30%	19.30%	16.22%	14.20%	13.99%	12.04%	12.61%	13.25%
Non-Hazardous	42.81%	33.86%	30.06%	30.06%	24.87%	21.07%	22.12%	19.30%	19.23%	19.43%

Notes:

Valuation Date	Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2020 actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30% to 10.30%, for non-hazardous members, varies by service 3.55% to 19.05%, for hazardous members, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in Provision	Board certified rates is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

BOONE COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
June 30, 2023

		County Employees Retirement System Last 10 Fiscal Years*					
		2023	2022	2021	2020	2019	2018
County's Proportionate Share of the Net OPEB Liability							
Nonhazardous	\$	7,802,858	7,609,498	9,632,753	6,429,441	6,665,986	7,531,284
Hazardous		3,191,369	3,123,319	3,714,045	3,114,336	3,100,875	3,361,661
	\$	10,994,227	10,732,817	13,346,798	9,543,777	9,766,861	10,892,945
County's Proportion of the Net OPEB Liability							
Nonhazardous		0.395379%	0.397477%	0.398922%	0.382260%	0.375447%	0.374627%
Hazardous		0.374668%	0.386282%	0.401907%	0.420936%	0.434930%	0.406650%
Covered Payroll	\$	13,724,931	12,884,035	12,783,622	12,117,952	12,070,563	11,272,839
County's Share of the Net OPEB Liability as a Percentage of its Covered Payroll							
		80.10%	83.30%	104.41%	78.76%	80.91%	96.63%
Total Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability							
Nonhazardous		60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Hazardous		64.13%	66.81%	58.84%	64.44%	64.24%	58.99%

*Only six years of information available. Additional years' information will be displayed as it becomes available.

BOONE COUNTY
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS
June 30, 2023

County Employees Retirement System
Last 10 Fiscal Years*

<u>Nonhazardous</u>	2023	2022	2021	2020	2019	2018	2017
Statutorily Required Contributions	\$ 433,727	\$ 643,867	\$ 494,933	\$ 491,722	\$ 508,519	\$ 438,851	\$ 432,961
Contributions in Relation to the							
Contractually Required Contribution	(433,727)	(643,867)	(494,933)	(491,722)	(508,519)	(438,851)	(432,961)
Covered Payroll	\$ 12,794,295	\$ 11,139,565	\$ 10,397,751	\$ 10,330,295	\$ 9,667,644	\$ 9,522,842	\$ 9,127,484
Contributions as a Percentage of							
Covered Payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.61%	4.74%
<u>Hazardous</u>	2023	2022	2021	2020	2019	2018	2017
Statutorily Required Contributions	\$ 204,610	\$ 270,688	\$ 236,694	\$ 233,557	\$ 256,620	\$ 226,106	\$ 204,402
Contributions in Relation to the	(204,610)	(270,688)	(236,694)	(233,557)	(256,620)	(226,106)	(204,402)
Contractually Required Contribution							
Covered Payroll	\$ 3,017,846	\$ 2,585,366	\$ 2,486,284	\$ 2,453,327	\$ 2,450,308	\$ 2,547,721	\$ 2,145,355
Contributions as a Percentage of							
Covered Payroll	6.78%	10.47%	9.52%	9.52%	10.47%	8.87%	9.53%

*Only seven years of information available. Additional years' information will be displayed as it becomes available.

Notes:

Valuation Date	Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2020 actuarial valuation.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation	2.30%
Salary Increase	3.30% to 10.30%, for non-hazardous members, varies by service 3.55% to 19.05%, for hazardous members, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality Improvement scale using a base year of 2019.
Healthcare Rate Trends	
Pre-65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

SUPPLEMENTARY INFORMATION

BOONE COUNTY
COMBING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Jail Fund	Public Safety Communi- cations Center	Local Government Economic Assistance Fund	Federal Grants Fund	Tax Improvement Fund	Mental Health Fund	County Clerk Storage Fund	Opioid Settlement Fund	Total Nonmajor Governmental Funds
Assets									
Cash and Cash Equivalents	\$ 553,517	\$ 4,435,558	\$ 319,987	\$ 13,973	\$ 3,077,413	\$ 2,701,156	\$ 82,330	\$ 1,131,387	\$ 12,315,321
Investments	-	-	-	-	-	3,080,668	-	-	3,080,668
Accounts Receivable	790,409	152,802	53,190	11,453	240,215	845,365	16,600	3,734,231	5,844,265
Total Assets	\$ 1,343,926	\$ 4,588,360	\$ 373,177	\$ 25,426	\$ 3,317,628	\$ 6,627,189	\$ 98,930	\$ 4,865,618	\$ 21,240,254
Liabilities and Fund Balances									
Balances Liabilities									
Accounts Payable	\$ 114,209	\$ 21,736	\$ -	\$ 25,426	\$ -	\$ 121,113	\$ 4,772	\$ 93,750	\$ 381,006
Accrued Payroll	223,727	106,802	-	-	-	-	-	-	330,529
Compensated Absences Payable	196,789	119,754	-	-	-	-	-	-	316,543
Total Liabilities	534,725	248,292	-	25,426	-	121,113	4,772	93,750	1,028,078
Deferred Inflows of Resources									
Unavailable Revenue - Intergovernmental	17,375	149,902	-	-	38,751	111,071	-	3,604,670	3,921,769
Fund Balances									
Restricted									
Other Capital Projects	-	-	-	-	3,278,877	-	-	-	3,278,877
Other Purposes	-	-	373,177	-	-	-	-	-	373,177
Protection to Persons and Property	-	4,190,166	-	-	-	-	-	-	4,190,166
County Clerk Storage	-	-	-	-	-	-	94,158	-	94,158
Opioid Remediation	-	-	-	-	-	-	-	1,167,198	1,167,198
Committed									
Health and Welfare	-	-	-	-	-	6,395,005	-	-	6,395,005
Assigned									
Protection to Persons and Property	791,826	-	-	-	-	-	-	-	791,826
Total Fund Balances	791,826	4,190,166	373,177	-	3,278,877	6,395,005	94,158	1,167,198	16,290,407
Total Liabilities and Fund Balances	\$ 1,343,926	\$ 4,588,360	\$ 373,177	\$ 25,426	\$ 3,317,628	\$ 6,627,189	\$ 98,930	\$ 4,865,618	\$ 21,240,254

BOONE COUNTY
COMBING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED June 30, 2023

	Jail Fund	Public Safety Communi- cations Center	Local Government Economic Assistance Fund	Federal Grants Fund	Tax Improvement Fund	Mental Health Fund	County Clerk Storage Fund	Opioid Settlement Fund	Public Properties Fund	Total Nonmajor Governmental Funds
Revenues										
Taxes	\$ -	\$ 4,153,017	\$ -	\$ -	\$ 694,328	\$ 3,367,915	\$ -	\$ -	\$ -	\$ 8,215,260
Intergovernmental	6,109,840	806,236	207,957	223,429	-	-	-	1,167,163	1,149,188	9,663,813
Charges for Services	159,122	-	-	-	-	-	-	-	-	159,122
Interest	8,608	59,837	3,421	26	47,125	117,597	-	35	-	236,649
Miscellaneous	280,162	3,111	-	-	-	19,225	197,050	-	-	499,548
Total Revenues	6,557,732	5,022,201	211,378	223,455	741,453	3,504,737	197,050	1,167,198	1,149,188	18,774,392
Expenditures										
General Government	-	-	-	-	-	-	102,892	-	-	102,892
Protection to Persons and Property	6,591,645	3,438,967	-	-	-	-	-	-	-	10,030,612
General Health and Sanitation	-	-	-	-	-	1,844,954	-	-	-	1,844,954
Social Services	-	-	-	223,429	-	426,265	-	-	-	649,694
Capital Projects	-	45,129	-	-	1,875,000	-	-	-	-	1,920,129
Administration	2,787,560	1,140,768	-	-	-	582,436	-	-	-	4,510,764
Debt Service	-	310,368	-	-	-	-	-	-	1,149,188	1,459,556
Total Expenditures	9,379,205	4,935,232	-	223,429	1,875,000	2,853,655	102,892	-	1,149,188	20,518,601
(Deficiency) Excess of Revenues Over Expenditures	(2,821,473)	86,969	211,378	26	(1,133,547)	651,082	94,158	1,167,198	-	(1,744,209)
Other Financing Sources (Uses)										
Proceeds from Right to Use Assets	-	44,375	-	-	-	-	-	-	-	44,375
Transfers to Other Funds	-	-	-	(26)	(39,577)	-	-	-	-	(39,603)
Transfers from Other Funds	2,746,588	-	-	-	-	-	-	-	-	2,746,588
Total Other Financing Sources (Uses)	2,746,588	44,375	-	(26)	(39,577)	-	-	-	-	2,751,360
Net Change in Fund Balances	(74,885)	131,344	211,378	-	(1,173,124)	651,082	94,158	1,167,198	-	1,007,151
Fund Balances July 1, 2022	866,711	4,058,822	161,799	-	4,452,001	5,743,923	-	-	-	15,283,256
Fund Balances June 30, 2023	\$ 791,826	\$ 4,190,166	\$ 373,177	\$ -	\$ 3,278,877	\$ 6,395,005	\$ 94,158	\$ 1,167,198	\$ -	\$ 16,290,407

REQUIRED REGULATORY SECTION

BOONE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2023

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BOONE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2023

Federal Grants/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky</i>				
<i>Department for Local Government</i>				
Community Development Block Grants/ Entitlement Grants				
-Kentucky Recovery Grant - Brighton Center (Operating)	14.228	21-030	\$ 120,885	\$ 120,885
-Kentucky Recovery Grant - Brighton Center (Operating)	14.228	22-022	89,332	89,332
COVID-19 Community Development Block Grants/Entitlement Grants	14.228	20C-038	-	13,212
Total Community Development Block Grants/Entitlement Grants and U.S. Department of Housing and Urban Development			<u>210,217</u>	<u>223,429</u>
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606		-	19,792
<u>U.S. Department of Treasury</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		-	3,052,867
<u>U.S. Federal Emergency</u>				
<u>Management Agency</u>				
<i>Passed-Through Kentucky</i>				
<i>Department for Military Affairs</i>				
Emergency Management Performance Grants	97.042	PON2 095 080007930 1	-	45,250
<u>U.S. Department of Transportation</u>				
<i>Passed-Through Kentucky</i>				
<i>Transportation Cabinet</i>				
Highway Planning and Construction				
-Frogtown Connector Sidewalk	20.205	SC-628-2100001326	-	5,402
-KY 18 Sidewalks	20.205	SC-628-2100001322	-	18,240
-KY 20 Turn Lanes at Aviation Blvd	20.205	PO2-625-2300000250	-	4,028
-Sam Neace Sidewalk	20.205	SC-628-2100001323	-	14,400
-State Route 237 Multi-Use Path	20.205	PO2-625-1700003577	-	932,728
Total Highway Planning and Construction and U.S. Department of Transportation			<u>-</u>	<u>974,798</u>
Total Expenditures of Federal Awards			<u>\$ 210,217</u>	<u>\$ 4,316,136</u>

The accompanying notes are an integral part of this schedule.

BOONE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Boone County Assisted Housing Department

Expenditures reported on the Boone County Assisted Housing Department's Schedule of Expenditures of Federal Awards were not included on the County's Schedule of Expenditures of Federal Awards. A separate Uniform Guidance audit was conducted on the Boone County Assisted Housing Department's Financial Statements and therefore are excluded.

Note 4. Indirect Cost Rate

Boone County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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 Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County Fiscal Court as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Boone County Fiscal Court's basic financial statements, and have issued our report thereon dated October 9, 2024.

Report on Internal Control Over Financial Reporting

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

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

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



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 Boone County Fiscal Court's financial statements are 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

October 9, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

The Honorable Gary W. Moore, Boone County Judge/Executive
Members of the Boone County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boone County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Boone County Fiscal Court's major federal programs for the year ended June 30, 2023. Boone County Fiscal Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Boone County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boone County Fiscal Court and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Boone County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Boone County Fiscal Court's federal programs.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Boone County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Boone County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, On a test basis, evidence regarding Boone County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Boone County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Boone County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Boone County Fiscal Court's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Boone County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Boone County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Boone County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

October 9, 2024

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**BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2023

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**BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023**

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified on GAAP Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

2023-001 The County Improperly Identified Two Contractors As Subrecipients

Federal Program: Coronavirus State and Local Fiscal Recovery Funds [AL #21.027]
Name of Federal Agency and Pass-Through Agency: U.S. Department of the Treasury
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency
Amount of Questioned Costs: None
Identification of Questioned Costs and How Computed: None identified
COVID Related: Yes
Repeat Finding: Repeat finding of 2022-004.

When submitting required quarterly project and expenditure reports, the county improperly identified two entities as being subrecipients instead of contractors. Those responsible for the federal awards did not have a clear understanding of the difference between a subrecipient and a contractor.

The reporting guidance was not clear on the definition of a subrecipient versus a contractor and resulted in a misunderstanding.

Two entities could potentially be identified as subrecipients and therefore be subject to a single audit when they should not be.

Per 2 CFR § 200.331, “a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursements of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.”

We recommend the county review the requirements for determining whether a disbursement qualifies as a payment to a subrecipient or a contractor and ensure all of those that administer federal funding have an understanding of the terms.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Already corrected in Q4 CY23 ARPA Report.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2022-001	Material Audit Adjustments	Resolved	The Finance Department staff is now better trained. All submissions go through at least one level of review.
2022-002	Preparation of the Schedule of Expenditures of Federal Awards	Resolved	The Finance Department staff is now better trained. All submissions go through at least one level of review.
2022-003	Significant Deficiency Internal Controls Jail Canteen	Resolved	New internal controls were put in place in March 2022 and are working as expected.
2022-004	Reporting and Subrecipient Monitoring	Unresolved	There was confusion when the ARPA account was set up by the previous Treasurer and previous County Administrator. This has been corrected.

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

BOONE COUNTY FISCAL COURT

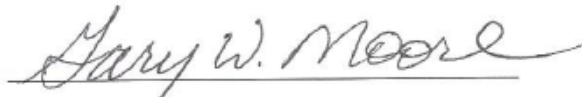
For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOONE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Boone 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.



County Judge/Executive



County Treasurer