

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

**For The Year Ended  
June 30, 2022**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

The enclosed report prepared by Patrick & Associates, LLC, presents the financial statement of Bourbon County, Kentucky, for the year ended June 30, 2022.

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

Respectfully submitted,

Mike Harmon  
Auditor of Public Accounts

Enclosure



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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statement**

#### ***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Bourbon County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Bourbon County Fiscal Court's financial statement as listed in the table of contents.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Bourbon County Fiscal Court, for the year ended June 30, 2022, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Bourbon County Fiscal Court, for the year ended June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Bourbon County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the People of Kentucky  
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 Members of the Bourbon County Fiscal Court

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Bourbon County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statement***

Bourbon County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bourbon County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bourbon County Fiscal Court's ability to continue as a going concern for a reasonable period of time.



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

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

**Other Matters**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Bourbon County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole.

***Other Information***

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of the Bourbon County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bourbon County Fiscal Court's internal control over financial reporting and compliance.

To the People of Kentucky  
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Members of the Bourbon County Fiscal Court

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

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

- 2022-001 The Bourbon County Fiscal Court's Fourth Quarter Financial Statement Was Materially Misstated
- 2022-002 The Bourbon County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Inaccurate

Respectfully submitted,

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

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

January 19, 2023

**BOURBON COUNTY OFFICIALS****For The Year Ended June 30, 2022****Fiscal Court Members:**

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

**Other Elected Officials:**

|                  |                                  |
|------------------|----------------------------------|
| Gordon D. Wilson | County Attorney                  |
| Wesley Burberry  | Jailer                           |
| Richard E. Eads  | County Clerk                     |
| Trina Huston     | Circuit Court Clerk              |
| Tony Asbury      | Sheriff                          |
| Tim Lizer        | Property Valuation Administrator |
| Dee Gee M. Roe   | Coroner                          |

**Appointed Personnel:**

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

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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

|  | <b>Budgeted Funds</b>   |                      |                      |  |
|--|-------------------------|----------------------|----------------------|--|
|  | <b>General<br/>Fund</b> | <b>Road<br/>Fund</b> | <b>Jail<br/>Fund</b> | <b>Local<br/>Government<br/>Economic<br/>Assistance<br/>Fund</b> |
| <b>RECEIPTS</b>  |                         |                      |                      |  |
| Taxes  | \$ 5,657,463            | \$                   | \$                   | \$   |
| Excess Fees  | 1,432,267               |                      |                      |  |
| Licenses and Permits   | 80,785                  |                      |                      |  |
| Intergovernmental  | 2,388,245               | 1,260,265            | 79,540               | 115,255  |
| Miscellaneous  | 252,249                 | 1,610                | 1,694                |  |
| Interest   | 36,554                  | 15,933               | 5,188                | 2,985  |
| Total Receipts   | <u>9,847,563</u>        | <u>1,277,808</u>     | <u>86,422</u>        | <u>118,240</u>   |
| <b>DISBURSEMENTS</b>   |                         |                      |                      |  |
| General Government   | 2,926,070               |                      |                      |  |
| Protection to Persons and Property   | 1,648,596               |                      | 93,287               | 87,643   |
| General Health and Sanitation  | 943,858                 | 19,098               |                      |  |
| Social Services  | 226,466                 |                      |                      |  |
| Recreation and Culture   | 325,656                 |                      |                      |  |
| Roads  |                         | 644,769              |                      |  |
| Debt Service   | 1,305,574               |                      |                      |  |
| Capital Projects   |                         | 423,147              |                      |  |
| Administration   | 2,665,513               | 294,119              | 43,208               |  |
| Total Disbursements  | <u>10,041,733</u>       | <u>1,381,133</u>     | <u>136,495</u>       | <u>87,643</u>  |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>(194,170)</u>        | <u>(103,325)</u>     | <u>(50,073)</u>      | <u>30,597</u>  |
| <b>Other Adjustments to Cash (Uses)</b>  |                         |                      |                      |  |
| Change in Payroll Revolving Account  | (61,981)                |                      |                      |  |
| Transfers From Other Funds   |                         |                      |                      |  |
| Transfers To Other Funds   |                         |                      |                      |  |
| Total Other Adjustments to Cash (Uses)   | <u>(61,981)</u>         |                      |                      |  |
| Net Change in Fund Balance   | (256,151)               | (103,325)            | (50,073)             | 30,597   |
| Fund Balance - Beginning (Restated)  | <u>2,654,010</u>        | <u>839,500</u>       | <u>429,549</u>       | <u>222,500</u>   |
| Fund Balance - Ending  | <u>\$ 2,397,859</u>     | <u>\$ 736,175</u>    | <u>\$ 379,476</u>    | <u>\$ 253,097</u>  |
| <b>Composition of Fund Balance</b>   |                         |                      |                      |  |
| Bank Balance   | \$ 2,454,683            | \$ 753,702           | \$ 379,476           | \$ 258,276   |
| Plus: Deposits In Transit  |                         |                      |                      |  |
| Less: Outstanding Checks   | (56,824)                | (17,527)             |                      | (5,179)  |
| Certificates of Deposit  |                         |                      |                      |  |
| Investments  |                         |                      |                      |  |
| Fund Balance - Ending  | <u>\$ 2,397,859</u>     | <u>\$ 736,175</u>    | <u>\$ 379,476</u>    | <u>\$ 253,097</u>  |

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

**BOURBON COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| Budgeted Funds      |              |                               | Unbudgeted Fund                 | Private Purpose Trust Funds |                              |
|---------------------|--------------|-------------------------------|---------------------------------|-----------------------------|------------------------------|
| Federal Grants Fund | Phase I Fund | American Rescue Plan Act Fund | Educational Trust Fund Checking | Talbott Clay Trust Fund     | Clifton Gillespie Trust Fund |
| \$                  | \$           | \$                            | \$                              | \$                          | \$                           |
|                     | 350,000      | 1,921,794                     |                                 |                             |                              |
|                     |              |                               | 7,000                           | 119,427                     | 81,989                       |
|                     | 1,617        | 960                           | 32,673                          | 36                          | 65                           |
|                     | 351,617      | 1,922,754                     | 39,673                          | 119,463                     | 82,054                       |
|                     |              |                               |                                 |                             |                              |
|                     |              |                               | 162,441                         | 7,483                       | 31,635                       |
|                     |              |                               |                                 |                             |                              |
|                     | 351,386      | 3,844                         |                                 |                             |                              |
|                     | 351,386      | 3,844                         | 162,441                         | 7,483                       | 31,635                       |
|                     |              |                               |                                 |                             |                              |
|                     | 231          | 1,918,910                     | (122,768)                       | 111,980                     | 50,419                       |
|                     |              |                               |                                 |                             |                              |
|                     |              |                               | 285,437                         |                             |                              |
|                     |              |                               |                                 | (14,996)                    | (121,000)                    |
|                     |              |                               | 285,437                         | (14,996)                    | (121,000)                    |
|                     | 231          | 1,918,910                     | 162,669                         | 96,984                      | (70,581)                     |
| 901,897             | 123          | 1,921,788                     | 1,059,229                       | 425,218                     | 2,292,183                    |
| \$ 901,897          | \$ 354       | \$ 3,840,698                  | \$ 1,221,898                    | \$ 522,202                  | \$ 2,221,602                 |
|                     |              |                               |                                 |                             |                              |
| \$ 901,897          | \$ 31,459    | \$ 3,840,698                  | \$ 1,088,557<br>133,341         | \$ 13,595                   | \$ 7,126                     |
|                     | (31,105)     |                               |                                 |                             |                              |
|                     |              |                               |                                 | 54,529                      | 21,155                       |
|                     |              |                               |                                 | 454,078                     | 2,193,321                    |
| \$ 901,897          | \$ 354       | \$ 3,840,698                  | \$ 1,221,898                    | \$ 522,202                  | \$ 2,221,602                 |

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

**BOURBON COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | <b>Private Purpose Trust Funds</b>                       |   |   |  |
|--|--|---|---|--|
|  | <b>John<br/>Marston<br/>Education<br/>Trust<br/>Fund</b> | <b>Robert<br/>Meteer<br/>Trust<br/>Fund</b> | <b>Lucy<br/>Anderson<br/>Trust<br/>Fund</b> | <b>Howard<br/>Forquer<br/>Trust<br/>Fund</b> |
| <b>RECEIPTS</b>  |  |   |   |  |
| Taxes  | \$   | \$  | \$  | \$   |
| Excess Fees  |  |   |   |  |
| Licenses and Permits   |  |   |   |  |
| Intergovernmental  |  |   |   |  |
| Miscellaneous  | 63,313   | 42,321                                      | 8,985                                       | 26,017                                       |
| Interest   | 22   | 15  | 6   | 18   |
| Total Receipts   | <u>63,335</u>  | <u>42,336</u>                               | <u>8,991</u>                                | <u>26,035</u>                                |
| <b>DISBURSEMENTS</b>   |  |   |   |  |
| General Government   |  |   |   |  |
| Protection to Persons and Property   |  |   |   |  |
| General Health and Sanitation  |  |   |   |  |
| Social Services  | 25,810   | 16,291                                      | 9,673                                       | 11,101                                       |
| Recreation and Culture   |  |   |   |  |
| Roads  |  |   |   |  |
| Debt Service   |  |   |   |  |
| Capital Projects   |  |   |   |  |
| Administration   |  |   |   |  |
| Total Disbursements  | <u>25,810</u>  | <u>16,291</u>                               | <u>9,673</u>                                | <u>11,101</u>                                |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>37,525</u>  | <u>26,045</u>                               | <u>(682)</u>                                | <u>14,934</u>                                |
| <b>Other Adjustments to Cash (Uses)</b>  |  |   |   |  |
| Change in Payroll Revolving Account  |  |   |   |  |
| Transfers From Other Funds   |  |   |   |  |
| Transfers To Other Funds   | (57,574)   | (33,822)                                    | (19,775)                                    | (22,243)                                     |
| Total Other Adjustments to Cash (Uses)   | <u>(57,574)</u>  | <u>(33,822)</u>                             | <u>(19,775)</u>                             | <u>(22,243)</u>                              |
| Net Change in Fund Balance   | (20,049)   | (7,777)                                     | (20,457)                                    | (7,309)                                      |
| Fund Balance - Beginning (Restated)  | <u>1,534,532</u>   | <u>1,178,090</u>                            | <u>732,027</u>                              | <u>641,108</u>                               |
| Fund Balance - Ending  | <u>\$ 1,514,483</u>                                      | <u>\$ 1,170,313</u>                         | <u>\$ 711,570</u>                           | <u>\$ 633,799</u>                            |
| <b>Composition of Fund Balance</b>   |  |   |   |  |
| Bank Balance   | \$ 14,833  | \$ 11,779                                   | \$ 3,961                                    | \$ 16,114                                    |
| Plus: Deposits In Transit  |  |   |   |  |
| Less: Outstanding Checks   |  |   |   |  |
| Certificates of Deposit  |  |   |   |  |
| Investments  | <u>1,499,650</u>   | <u>1,158,534</u>                            | <u>707,609</u>                              | <u>617,685</u>                               |
| Fund Balance - Ending  | <u>\$ 1,514,483</u>                                      | <u>\$ 1,170,313</u>                         | <u>\$ 711,570</u>                           | <u>\$ 633,799</u>                            |

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



**BOURBON COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| Private Purpose Trust Funds  |   |  |                                     |                |
|--|---|--|-------------------------------------|----------------|
| Education #1<br>E.M. Costello,<br>Garth, Costello<br>Hamilton, Champ<br>Trust Fund | Education #2<br>Kennedy,<br>Hinkle, Redmon,<br>Goff Trust<br>Fund | Health and<br>Welfare<br>Trust<br>Fund | Massie<br>Memorial<br>Trust<br>Fund | Total<br>Funds |
| \$   | \$  | \$                                     | \$                                  | \$ 5,657,463   |
|  |   |  |                                     | 1,432,267      |
|  |   |  |                                     | 80,785         |
|  |   |  |                                     | 6,115,099      |
| 7,811  | 23,177  |  |                                     | 635,593        |
| 4,715  | 5   | 33                                     | 5                                   | 100,830        |
| 12,526   | 23,182  | 33                                     | 5                                   | 14,022,037     |
|  |   |  |                                     | 2,926,070      |
|  |   |  |                                     | 1,829,526      |
|  |   |  |                                     | 962,956        |
| 3,159  | 3,984   |  |                                     | 498,043        |
|  |   |  |                                     | 325,656        |
|  |   |  |                                     | 644,769        |
|  |   |  |                                     | 1,305,574      |
|  |   |  |                                     | 423,147        |
|  |   |  |                                     | 3,358,070      |
| 3,159  | 3,984   |  |                                     | 12,273,811     |
|  |   |  |                                     |                |
| 9,367  | 19,198  | 33                                     | 5                                   | 1,748,226      |
|  |   |  |                                     | (61,981)       |
|  |   |  |                                     | 285,437        |
| (8,419)  | (7,608)   |  |                                     | (285,437)      |
| (8,419)  | (7,608)   |  |                                     | (61,981)       |
| 948  | 11,590  | 33                                     | 5                                   | 1,686,245      |
| 214,575  | 172,108   | 13,758                                 | 25,294                              | 15,257,489     |
| \$ 215,523   | \$ 183,698  | \$ 13,791                              | \$ 25,299                           | \$ 16,943,734  |
|  |   |  |                                     |                |
| \$ 3,930   | \$ 5,371  | \$ 411                                 | \$ 25,299                           | \$ 9,811,167   |
|  |   |  |                                     | 133,341        |
|  |   |  |                                     | (110,635)      |
|  |   | 13,380                                 |                                     | 89,064         |
| 211,593  | 178,327   |  |                                     | 7,020,797      |
| \$ 215,523   | \$ 183,698  | \$ 13,791                              | \$ 25,299                           | \$ 16,943,734  |

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

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TO THE FINANCIAL STATEMENT**

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**BOURBON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

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

**A. Reporting Entity**

The financial statement of Bourbon County includes all budgeted and unbudgeted funds under the control of the Bourbon County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

**B. Basis of Accounting**

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Grants Fund - The primary purpose of this fund is to account for federal grants. The primary sources of receipts for this fund are grants from the federal government.

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

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

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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

**D. Budgetary Information**

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

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

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

The state local finance officer does not require the educational trust fund checking to be budgeted.

**E. Bourbon County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Bourbon County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Bourbon County Fiscal Court.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

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

**E. Bourbon County Elected Officials (Continued)**

Circuit Court Clerk  
 County Attorney  
 Property Valuation Administrator  
 County Clerk  
 County Sheriff

**F. Deposits and Investments**

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

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

**G. Long-term Obligations**

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

**Note 2. Deposits and Investments**

**A. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments**

As of June 30, 2022, the fiscal court had the following investments and maturities:

| I. Investments             | Cost                |           |                  |             |             |            |
|----------------------------|---------------------|-----------|------------------|-------------|-------------|------------|
|                            | < 1 Year            | 1-5 Years | 6-10 Years       | 11-15 Years | 16-20 Years | > 20 Years |
| Fixed Income Investments:  |                     |           |                  |             |             |            |
| Government Bonds           | \$                  | \$        | \$ 77,860        | \$          | \$          | \$         |
| Total:                     | <u>\$</u>           | <u>\$</u> | <u>\$ 77,860</u> | <u>\$</u>   | <u>\$</u>   | <u>\$</u>  |
| II. Other Investments:     | Cost                |           |                  |             |             |            |
| Common Stock               | \$ 1,225,802        |           |                  |             |             |            |
| Mutual Funds               | <u>5,717,135</u>    |           |                  |             |             |            |
| Total:                     | <u>6,942,937</u>    |           |                  |             |             |            |
| Total Cash and Investments | <u>\$ 7,020,797</u> |           |                  |             |             |            |

**Custodial Credit Risk** is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$7,020,797 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
  - a. United States Treasury;
  - b. Export-Import Bank of the United States;
  - c. Farmers Home Administration;
  - d. Government National Mortgage Corporation; and
  - e. Merchant Marine bonds.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

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

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

The fiscal court's rated investments, as of June 30, 2022, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

|                           | AAA              | AA2       | A2        | A3        | BAA3      | B                   | Unrated             | Cost                |
|---------------------------|------------------|-----------|-----------|-----------|-----------|---------------------|---------------------|---------------------|
| Fixed Income Investments: |                  |           |           |           |           |                     |                     |                     |
| Government Bonds          | \$ 77,860        | \$        | \$        | \$        | \$        | \$                  | \$                  | \$ 77,860           |
| Common Stock              |                  |           |           |           |           | 1,225,802           |                     | 1,225,802           |
| Mutual Funds              |                  |           |           |           |           |                     | 5,717,135           | 5,717,135           |
| Total Investments         | <u>\$ 77,860</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$ 1,225,802</u> | <u>\$ 5,717,135</u> | <u>\$ 7,020,797</u> |

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

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

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

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

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2022.

|                              | Education<br>Trust Fund<br>Checking | Total<br>Transfers Out |
|------------------------------|-------------------------------------|------------------------|
| Talbott Clay Trust Fund      | \$ 14,996                           | \$ 14,996              |
| Clifton Gillespie Trust Fund | 121,000                             | 121,000                |
| John Marston Trust Fund      | 57,574                              | 57,574                 |
| Robert Meteer Trust Fund     | 33,822                              | 33,822                 |
| Lucy Anderson Trust Fund     | 19,775                              | 19,775                 |
| Howard Forquer Trust Fund    | 22,243                              | 22,243                 |
| Education #1 Trust Fund      | 8,419                               | 8,419                  |
| Education #2 Trust Fund      | 7,608                               | 7,608                  |
| Total Transfers In           | <u>\$ 285,437</u>                   | <u>\$ 285,437</u>      |

Reason for transfers:

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



**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 4. Private Purpose Trust Funds**

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

The fiscal court has the following private purpose trust funds:

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

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

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

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

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

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

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 4. Private Purpose Trust Funds (Continued)**

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

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

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

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

**Note 5. Leases**

**A. Lessor**

1. On March 11, 2021, the Bourbon County Fiscal Court entered into a lease agreement for new phones and software in the courthouse. The lease is for 60 months through April 2026, and requires monthly payments of \$1,578. The Bourbon County Fiscal Court expended \$18,936 in lease payments during the current fiscal year related to this lease agreement. As of June 30, 2022, the outstanding liability on the lease was \$71,010.
2. On April 14, 2016, the Bourbon County Fiscal Court began leasing the judicial center to the Administrative Office of the Courts (AOC). The lease is for two years and the rental payments shall agree to the annual principal and interest costs on the bonds issued for the construction of the building. On July 1 of each even numbered year, the lease may be renewed by AOC for another biennial period of two years. The lease renewal shall automatically be considered to have been affirmatively exercised each even numbered year by AOC, unless notice of its election not to exercise the option for the biennial period be given by AOC to the county in writing at least 60 days prior to the renewal date hereof. The county recognized \$358,800 in lease revenue during the current fiscal year. As of June 30, 2022, the county's receivable for lease payments was \$0 as this bond issue was paid off during fiscal year 2022.
3. On February 23, 2012, the Bourbon County Fiscal Court began leasing office space in the courthouse to the Bourbon County Attorney. The agreement states that the county attorney may rent the office space in the courthouse for \$500 per month as long as the current county attorney is in office. However, the agreement may be terminated by either party at the end of any fiscal year by giving 30 days written notice to the other party. The county recognized \$6,000 in lease revenue for this agreement during fiscal year 2022.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 5. Leases (Continued)**

**B. Lessee**

- On May 1, 2021, the Bourbon County Fiscal Court (lessor) leased a parcel of land that includes a commercial building to the Farmers' Market of Paris and Bourbon County, Inc. (lessee). The lease is for two years with a base rental payment of \$1 per year, beginning on the commencement date and due and payable on the first day of each calendar year, unless terminated early. The lessee shall have one option to extend the term of this lease for a period of one year; said option to be subject to all the terms and conditions of this lease and provided that (a) written notice of lessee's desire to exercise same is provided to the lessor at least 30 days prior to the expiration date of the then existing term; (b) there are no defaults of the covenants and conditions on the part of lessee to be performed pursuant to the lease at the time of such exercise; and (c) all rents which have accrued up to that time have been paid in full. The Bourbon County Fiscal Court recognized \$1 in lease revenue during the current fiscal year related to this lease. As of June 30, 2022, Bourbon County Fiscal Court's receivable for lease payments was \$1.

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

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

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

The county will be in default under the terms of the agreement if any one or more of the following occurs: (a) failure by the lessee to pay any lease rental payments at the time specified herein; (b) failure by the lessee to vacate or surrender the project by the July 1 following an event of non-appropriation as defined in the agreement; (c) failure by the lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) or (b) of this section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the lessee by the lessor unless the lessor agrees in writing to an extension of such time prior to its expiration. This agreement may be terminated by any party to this agreement upon thirty days' written notice of termination delivered to the other party or parties to this agreement; provided the termination of this agreement is not effective until (i) the participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the holders of bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all state and federal securities laws and (iii) notice of the termination of this agreement is provided to the MSRB. This agreement shall terminate when all the corporation bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

Principal payments are due annually on December 20, beginning in 2014, and interest, which varies from 2.48 percent to 3.25 percent, is payable semi-annually on June 20 and December 20, beginning on June 20, 2014. As of June 30, 2022, the outstanding principal balance was \$60,000. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|------------------|-------------------------------|
| 2023                                  | \$ 30,000        | \$ 1,750                      |
| 2024                                  | 30,000           | 775                           |
| Totals                                | <u>\$ 60,000</u> | <u>\$ 2,525</u>               |

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

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

**2. Refunding Revenue Lease, Series 2016 (Courthouse Facilities Project)**

On March 23, 2016, the Bourbon County Fiscal Court issued \$2,055,371 in the form of a refunding revenue lease, series 2016, for the purpose of refinancing the court facilities project, series 2006 bonds. The county would have been in default under the agreement if any one or more of the following events had occurred: (a) lessee's or sublessee's failure to make any lease payment (or any other payment) as it becomes due in accordance with the terms of this lease, and the failure continues for 15 days after the due date; (b) lessee's or sublessee's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this lease or the sublease, and the failure is not cured or steps satisfactory to lessor taken to cure the failure, within 15 days after written notice of the failure to lessee by lessor; or (c) the discovery by lessor that any material statement, representation or warranty made by lessee in this lease or in any writing delivered by lessee pursuant to or in connection with this lease is false, misleading, or erroneous in any material respect. The bond required semi-annual interest payments on August 1 and February 1. The lease matured on February 1, 2022. As of June 30, 2022, the lease was paid in full.

**3. Body Scanner Lease**

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

Principal and interest, which is calculated at a rate of 3.5 percent, are due biannually on June 20 and December 20, beginning on December 20, 2017. The lease terminates on June 20, 2024. As of June 30, 2022, the outstanding principal balance was \$56,752. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|------------------|-------------------------------|
| 2023                                  | \$ 27,956        | \$ 1,743                      |
| 2024                                  | 28,796           | 758                           |
| Totals                                | <u>\$ 56,752</u> | <u>\$ 2,501</u>               |

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

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

**4. Park Land Lease**

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

The bond requires semi-annual interest payments due on June 20 and December 20. The lease will mature on June 30, 2040. As of June 30, 2022, the outstanding principal balance was \$2,555,000. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|---------------------|-------------------------------|
| 2023                                  | \$ 105,000          | \$ 67,747                     |
| 2024                                  | 110,000             | 63,448                        |
| 2025                                  | 115,000             | 58,947                        |
| 2026                                  | 120,000             | 54,248                        |
| 2027                                  | 125,000             | 49,347                        |
| 2028-2032                             | 690,000             | 179,288                       |
| 2033-2037                             | 780,000             | 100,434                       |
| 2038-2040                             | 510,000             | 19,228                        |
| Totals                                | <u>\$ 2,555,000</u> | <u>\$ 592,687</u>             |

**B. Other Debt**

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

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

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

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

The bonds require semiannual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2022, the outstanding principal balance was \$5,710,000. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|---------------------|-------------------------------|
| 2023                                  | \$ 395,000          | \$ 187,950                    |
| 2024                                  | 410,000             | 172,150                       |
| 2025                                  | 420,000             | 155,750                       |
| 2026                                  | 440,000             | 138,950                       |
| 2027                                  | 460,000             | 121,350                       |
| 2028-2032                             | 1,875,000           | 428,250                       |
| 2033-2036                             | <u>1,710,000</u>    | <u>130,050</u>                |
| Totals                                | <u>\$ 5,710,000</u> | <u>\$ 1,334,450</u>           |

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

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

The bonds require semi-annual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2022, the outstanding principal balance was \$1,425,000. Future principal and interest requirements are:

| <u>Fiscal Year Ending<br/>June 30</u> | <u>Principal</u>    | <u>Scheduled<br/>Interest</u> |
|---------------------------------------|---------------------|-------------------------------|
| 2023                                  | \$ 85,000           | \$ 44,500                     |
| 2024                                  | 85,000              | 41,950                        |
| 2025                                  | 90,000              | 39,400                        |
| 2026                                  | 90,000              | 36,700                        |
| 2027                                  | 95,000              | 34,000                        |
| 2028-2032                             | 510,000             | 126,069                       |
| 2033-2036                             | <u>470,000</u>      | <u>40,075</u>                 |
| Totals                                | <u>\$ 1,425,000</u> | <u>\$ 362,694</u>             |

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

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

Long-term Debt activity for the year ended June 30, 2022, was as follows:

|  | Beginning<br>Balance | Additions   | Reductions        | Ending<br>Balance   | Due Within<br>One Year |
|--|----------------------|-------------|-------------------|---------------------|------------------------|
| Direct Borrowings and<br>Direct Placements | \$ 3,182,216         | \$          | \$ 510,464        | \$ 2,671,752        | \$ 162,956             |
| Other Debt                                 | 7,590,000            |             | 455,000           | 7,135,000           | 480,000                |
| Total Long-term Debt                       | <u>\$ 10,772,216</u> | <u>\$ 0</u> | <u>\$ 965,464</u> | <u>\$ 9,806,752</u> | <u>\$ 642,956</u>      |

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

| Fiscal Year Ending<br>June 30 | Direct Borrowings and<br>Direct Placements |                       | Other Debt          |                       |
|-------------------------------|--|-----------------------|---------------------|-----------------------|
|                               | Principal                                  | Scheduled<br>Interest | Principal           | Scheduled<br>Interest |
| 2023                          | \$ 162,956                                 | \$ 71,240             | \$ 480,000          | \$ 232,450            |
| 2024                          | 168,796                                    | 64,981                | 495,000             | 214,100               |
| 2025                          | 115,000                                    | 58,947                | 510,000             | 195,150               |
| 2026                          | 120,000                                    | 54,248                | 530,000             | 175,650               |
| 2027                          | 125,000                                    | 49,347                | 555,000             | 155,350               |
| 2028-2032                     | 690,000                                    | 179,288               | 2,385,000           | 554,319               |
| 2033-2037                     | 780,000                                    | 100,434               | 2,180,000           | 170,125               |
| 2038-2040                     | 510,000                                    | 19,228                |                     |                       |
| Totals                        | <u>\$ 2,671,752</u>                        | <u>\$ 597,713</u>     | <u>\$ 7,135,000</u> | <u>\$ 1,697,144</u>   |

**Note 7. Commitments and Contingencies**

- A. Bourbon County entered into a Memorandum of Agreement with the Commonwealth of Kentucky Transportation Cabinet Department of Highways to improve US 460 from Russell Cave Road to the US 27 Bypass in Paris. Bourbon County agreed to pay the Department of Highways \$1,000,000 for the project. The Department of Highways will be responsible for all phases of the project. Bourbon County will pay \$100,000 for 10 consecutive quarters until the \$1,000,000 is paid in full. During the fiscal year the county made two quarterly payments totaling \$200,000. As of June 30, 2022, Bourbon County's remaining commitment is \$800,000.
- B. The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2020 was \$693,738, FY 2021 was \$795,633, and FY 2022 was \$935,992.

Nonhazardous

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

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 26.95 percent.

Hazardous

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

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



**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 44.33 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

| <b>Years of Service</b> | <b>% Paid by Insurance Fund</b> | <b>% Paid by Member through Payroll Deduction</b> |
|-------------------------|---------------------------------|---|
| 20 or more              | 100%                            | 0%  |
| 15-19                   | 75%                             | 25%   |
| 10-14                   | 50%                             | 50%   |
| 4-9                     | 25%                             | 75%   |
| Less than 4             | 0%                              | 100%  |

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

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

Benefits are covered under KRS 78.5536.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

**B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous**

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

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

Once members reach a minimum vesting period of 15 years, they earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

**D. Cost of Living Adjustments - Tier 1**

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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

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

**F. Death Benefit**

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

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

**Note 9. Deferred Compensation**

The Bourbon County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 10. Health Reimbursement Account/Flexible Spending Account**

The Bourbon County Fiscal Court established a flexible spending account on July 1, 2009, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to eligible employees providing \$2,000 each year to pay for qualified medical expenses. The account used for payment of claims related to these funds had a balance of \$30,646 as of June 30, 2022.

**Note 11. Insurance**

For the fiscal year ended June 30, 2022, the Bourbon County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**BOURBON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 12. Conduit Debt**

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

**Note 13. Bourbon County – Nicholas County Regional Jail Authority**

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

**Note 14. Tax Abatement**

The occupational tax license fee for Central Motor Wheel of America, Inc., was abated under the authority of Resolution No. 04-25-19-01, adopted by the county on April 25, 2019. Central Motor Wheel of America, Inc., is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Bourbon County Fiscal Court did not abate any occupational tax license fees.

**Note 15. Prior Period Restatements**

The beginning fund balance of the general fund was restated and increased by \$2,315 due to prior year voided checks, and reduced by \$32,110 to remove the CD balances that should have been accounted for in the Talbott Clay Trust Fund. The Talbott Clay Trust Fund beginning balance was increased by \$32,110 to account for the CD balances that should have been included with this fund. The Massie Memorial Trust Fund was discovered during the current year audit and was added to the financial statement. The Wilmott Memorial Trust Fund has been removed from the county's financial statement because it was determined the county was not the trustee.

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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

|  | <b>GENERAL FUND</b> |              |                                  |  |
|--|---------------------|--------------|----------------------------------|--|
|  | Budgeted Amounts    |              | Actual                           | Variance with                          |
|  | Original            | Final        | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                     |              |                                  |  |
| Taxes  | \$ 5,131,500        | \$ 5,131,500 | \$ 5,657,463                     | \$ 525,963                             |
| Excess Fees  | 1,155,000           | 2,032,607    | 1,432,267                        | (600,340)                              |
| Licenses and Permits   | 55,200              | 55,200       | 80,785                           | 25,585                                 |
| Intergovernmental  | 2,381,614           | 2,978,112    | 2,388,245                        | (589,867)                              |
| Charges for Services   | 1,100               | 1,100        |                                  | (1,100)                                |
| Miscellaneous  | 271,630             | 547,999      | 252,249                          | (295,750)                              |
| Interest   | 25,000              | 25,000       | 36,554                           | 11,554                                 |
| Total Receipts   | 9,021,044           | 10,771,518   | 9,847,563                        | (923,955)                              |
| <b>DISBURSEMENTS</b>   |                     |              |                                  |  |
| General Government   | 2,858,842           | 3,808,863    | 2,926,070                        | 882,793                                |
| Protection to Persons and Property   | 2,293,031           | 2,310,724    | 1,648,596                        | 662,128                                |
| General Health and Sanitation  | 1,224,620           | 1,224,620    | 943,858                          | 280,762                                |
| Social Services  | 271,857             | 265,206      | 226,466                          | 38,740                                 |
| Recreation and Culture   | 786,307             | 787,307      | 325,656                          | 461,651                                |
| Debt Service   | 946,778             | 1,305,578    | 1,305,574                        | 4                                      |
| Capital Projects   | 125,000             | 125,000      |                                  | 125,000                                |
| Administration   | 3,325,141           | 3,754,752    | 2,665,513                        | 1,089,239                              |
| Total Disbursements  | 11,831,576          | 13,582,050   | 10,041,733                       | 3,540,317                              |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (2,810,532)         | (2,810,532)  | (194,170)                        | 2,616,362                              |
| Net Change in Fund Balance   | (2,810,532)         | (2,810,532)  | (194,170)                        | 2,616,362                              |
| Fund Balance - Beginning (Restated)  | 2,810,532           | 2,810,532    | 2,592,029                        | (218,503)                              |
| Fund Balance - Ending  | \$ 0                | \$ 0         | \$ 2,397,859                     | \$ 2,397,859                           |

**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | <b>ROAD FUND</b> |                  |                                  |  |
|--|------------------|------------------|----------------------------------|--|
|  | Budgeted Amounts |                  | Actual                           | Variance with                          |
|  | Original         | Final            | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                  |                  |                                  |  |
| Intergovernmental  | \$ 1,213,840     | \$ 1,213,840     | \$ 1,260,265                     | \$ 46,425                              |
| Miscellaneous  | 21,000           | 21,000           | 1,610                            | (19,390)                               |
| Interest   | 12,000           | 12,000           | 15,933                           | 3,933                                  |
| Total Receipts   | <u>1,246,840</u> | <u>1,246,840</u> | <u>1,277,808</u>                 | <u>30,968</u>                          |
| <b>DISBURSEMENTS</b>   |                  |                  |                                  |  |
| General Health and Sanitation  | 19,288           | 19,288           | 19,098                           | 190                                    |
| Roads  | 987,840          | 987,840          | 644,769                          | 343,071                                |
| Capital Projects   | 398,000          | 573,506          | 423,147                          | 150,359                                |
| Administration   | 761,000          | 585,494          | 294,119                          | 291,375                                |
| Total Disbursements  | <u>2,166,128</u> | <u>2,166,128</u> | <u>1,381,133</u>                 | <u>784,995</u>                         |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | <u>(919,288)</u> | <u>(919,288)</u> | <u>(103,325)</u>                 | <u>815,963</u>                         |
| Net Change in Fund Balance   | (919,288)        | (919,288)        | (103,325)                        | 815,963                                |
| Fund Balance - Beginning   | <u>919,288</u>   | <u>919,288</u>   | <u>839,500</u>                   | <u>(79,788)</u>                        |
| Fund Balance - Ending  | <u>\$ 0</u>      | <u>\$ 0</u>      | <u>\$ 736,175</u>                | <u>\$ 736,175</u>                      |



**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>JAIL FUND</b>   |                  |            |                                  |  |
|--|------------------|------------|----------------------------------|--|
|  | Budgeted Amounts |            | Actual                           | Variance with                          |
|  | Original         | Final      | Amounts,<br>(Budgetary<br>Basis) | Final Budget<br>Positive<br>(Negative) |
| <b>RECEIPTS</b>  |                  |            |                                  |  |
| Intergovernmental  | \$ 154,500       | \$ 154,500 | \$ 79,540                        | \$ (74,960)                            |
| Miscellaneous  | 5,000            | 5,000      | 1,694                            | (3,306)                                |
| Interest   | 4,800            | 4,800      | 5,188                            | 388                                    |
| Total Receipts   | 164,300          | 164,300    | 86,422                           | (77,878)                               |
| <b>DISBURSEMENTS</b>   |                  |            |                                  |  |
| Protection to Persons and Property   | 166,191          | 166,940    | 93,287                           | 73,653                                 |
| Administration   | 398,109          | 397,360    | 43,208                           | 354,152                                |
| Total Disbursements  | 564,300          | 564,300    | 136,495                          | 427,805                                |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (400,000)        | (400,000)  | (50,073)                         | 349,927                                |
| Net Change in Fund Balance   | (400,000)        | (400,000)  | (50,073)                         | 349,927                                |
| Fund Balance - Beginning   | 400,000          | 400,000    | 429,549                          | 29,549                                 |
| Fund Balance - Ending  | \$ 0             | \$ 0       | \$ 379,476                       | \$ 379,476                             |

**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>   |                  |           |  |   |
|--|------------------|-----------|--|---|
|  | Budgeted Amounts |           | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final     |  |   |
| <b>RECEIPTS</b>  |                  |           |  |   |
| Intergovernmental  | \$ 89,900        | \$ 89,900 | \$ 115,255                                 | \$ 25,355   |
| Interest   | 2,000            | 2,000     | 2,985                                      | 985   |
| Total Receipts   | 91,900           | 91,900    | 118,240                                    | 26,340  |
| <b>DISBURSEMENTS</b>   |                  |           |  |   |
| Protection to Persons and Property   | 86,500           | 88,277    | 87,643                                     | 634   |
| Capital Projects   | 185,400          | 183,623   |  | 183,623   |
| Total Disbursements  | 271,900          | 271,900   | 87,643                                     | 184,257   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) | (180,000)        | (180,000) | 30,597                                     | 210,597   |
| Net Change in Fund Balance   | (180,000)        | (180,000) | 30,597                                     | 210,597   |
| Fund Balance - Beginning   | 180,000          | 180,000   | 222,500                                    | 42,500  |
| Fund Balance - Ending  | \$ 0             | \$ 0      | \$ 253,097                                 | \$ 253,097  |

**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | FEDERAL GRANTS FUND |            |  |   |
|--|---------------------|------------|--|---|
|  | Budgeted Amounts    |            | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original            | Final      |  |   |
| RECEIPTS   |                     |            |  |   |
| Intergovernmental  | \$                  | \$ 901,897 | \$   | \$ (901,897)  |
| Total Receipts   |                     | 901,897    |  | (901,897)   |
| DISBURSEMENTS  |                     |            |  |   |
| Administration   |                     | 901,897    |  | 901,897   |
| Total Disbursements  |                     | 901,897    |  | 901,897   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) |                     |            |  |   |
| Net Change in Fund Balance   |                     |            |  |   |
| Fund Balance - Beginning   |                     |            | 901,897                                    | 901,897   |
| Fund Balance - Ending  | \$ 0                | \$ 0       | \$ 901,897                                 | \$ 901,897  |

**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

|  | <b>PHASE I FUND</b> |            |  |   |
|--|---------------------|------------|--|---|
|  | Budgeted Amounts    |            | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original            | Final      |  |   |
| <b>RECEIPTS</b>  |                     |            |  |   |
| Intergovernmental  | \$ 300,000          | \$ 350,000 | \$ 350,000                                 | \$  |
| Interest   |                     |            | 1,617                                      | 1,617   |
| Total Receipts   | 300,000             | 350,000    | 351,617                                    | 1,617   |
| <b>DISBURSEMENTS</b>   |                     |            |  |   |
| Administration   | 300,000             | 350,000    | 351,386                                    | (1,386)   |
| Total Disbursements  | 300,000             | 350,000    | 351,386                                    | (1,386)   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) |                     |            | 231  | 231   |
| Net Change in Fund Balance   |                     |            | 231  | 231   |
| Fund Balance - Beginning   |                     |            | 123  | 123   |
| Fund Balance - Ending  | \$ 0                | \$ 0       | \$ 354                                     | \$ 354  |

**BOURBON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

| <b>AMERICAN RESCUE PLAN ACT FUND</b>   |                  |              |  |   |
|--|------------------|--------------|--|---|
|  | Budgeted Amounts |              | Actual<br>Amounts,<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|  | Original         | Final        |  |   |
| <b>RECEIPTS</b>  |                  |              |  |   |
| Intergovernmental  | \$               | \$ 1,921,794 | \$ 1,921,794                               | \$  |
| Total Receipts   |                  | 1,921,794    | 1,922,754                                  | 960   |
| <b>DISBURSEMENTS</b>   |                  |              |  |   |
| Administration   |                  | 1,921,794    | 3,844                                      | 1,917,950   |
| Total Disbursements  |                  | 1,921,794    | 3,844                                      | 1,917,950   |
| Excess (Deficiency) of Receipts Over<br>Disbursements Before Other<br>Adjustments to Cash (Uses) |                  |              | 1,918,910                                  | 1,918,910   |
| Net Change in Fund Balance   |                  |              | 1,918,910                                  | 1,918,910   |
| Fund Balance - Beginning   |                  |              | 1,921,788                                  | 1,921,788   |
| Fund Balance - Ending  | \$ 0             | \$ 0         | \$ 3,840,698                               | \$ 3,840,698  |

**BOURBON COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2022**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

|   |                     |
|---|---------------------|
| Other Adjustments to Cash (Uses) - Budgetary Basis        | \$ 0                |
| Adjustment for Change in Payroll Revolving Account        | <u>(61,981)</u>     |
| Total Other Adjustments to Cash (Uses) - Regulatory Basis | <u>\$ (61,981)</u>  |
| Fund Balance -Beginning - Budgetary Basis                 | \$ 2,592,029        |
| Adjustment for Payroll Revolving Account Balance          | <u>61,981</u>       |
| Total Fund Balance - Beginning - Regulatory Basis         | <u>\$ 2,654,010</u> |

**Note 3. Excess of Budgeted Appropriations**

The phase I fund expenditures for administration were overspent by \$1,386. This is due to the fact that the county can only budget for the amount received by the state. This amount equals the amount of interest earned during the fiscal year that is statutorily required to be turned back in to the state.

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

**For The Year Ended June 30, 2022**

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

**For The Year Ended June 30, 2022**

The fiscal court reports the following Schedule of Capital Assets:

|                            | Beginning<br>Balance | Additions         | Deletions   | Ending<br>Balance    |
|----------------------------|----------------------|-------------------|-------------|----------------------|
| Land                       | \$ 2,568,059         | \$                | \$          | \$ 2,568,059         |
| Buildings and Improvements | 19,381,146           |                   |             | 19,381,146           |
| Vehicles and Equipment *   | 1,628,223            | 69,592            |             | 1,697,815            |
| Other Equipment *          | 1,827,477            | 196,515           |             | 2,023,992            |
| Infrastructure             | 10,902,362           |                   |             | 10,902,362           |
| Total Capital Assets       | <u>\$ 36,307,267</u> | <u>\$ 266,107</u> | <u>\$ 0</u> | <u>\$ 36,573,374</u> |

\*Beginning Balance Restated

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

**June 30, 2022**

**Note 1. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

|                            | Capitalization<br>Threshold | Useful Life<br>(Years) |
|----------------------------|-----------------------------|------------------------|
| Land Improvements          | \$ 25,000                   | 10-60                  |
| Buildings and Improvements | \$ 25,000                   | 10-75                  |
| Vehicles and Equipment     | \$ 2,500                    | 3-25                   |
| Other Equipment            | \$ 2,500                    | 3-25                   |
| Infrastructure             | \$ 25,000                   | 10-50                  |

**Note 2. Restatement of Beginning Balances**

The beginning balance for vehicles and equipment was reduced by \$105,460 and the beginning balance for other equipment was reduced by \$288,957 due to an error in the prior year.

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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

Independent Auditor's Report

The Honorable Michael R. Williams, Bourbon County Judge/Executive  
Members of the Bourbon County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Bourbon County Fiscal Court for the fiscal year ended June 30, 2022, and the related notes to the financial statement which collectively comprise the Bourbon County Fiscal Court's financial statement and have issued our report thereon dated January 19, 2023.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 to be material weaknesses.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Bourbon County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002.

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)

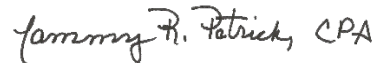
**Views of Responsible Official and Planned Corrective Action**

Bourbon County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

**Purpose of this Report**

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

Respectfully submitted,

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

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

January 19, 2023

**BOURBON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2022**

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**BOURBON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2022**

FINANCIAL STATEMENT FINDINGS:

2022-001 The Bourbon County Fiscal Court's Fourth Quarter Financial Statement Was Materially Misstated

This is a repeat finding and was included in the prior year audit report as finding 2021-003. Bourbon County Fiscal Court's fourth quarter financial report required adjustments to the general fund. There is a Kentucky Association of Counties (KACo) park lease account for funds borrowed in a prior year but not yet expended that was not included in the general fund year-end total. These funds are available for county use, and therefore should be included in the general fund balance.

Internal controls were not in place to ensure the accurate amount was reported on the fourth quarter financial statement. The effect of this adjustment on the June 30, 2022 fourth quarter financial statement is as follows:

- Increase Prior Year Carryover \$538,826 to include the park lease funds held in escrow
- Increase Interest \$164 to include interest earned on the park lease fund held in escrow

Overall, there was material understatement of the ending fund balance of the general fund of \$538,990.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and Local Finance Officer Policy Manual*. Those standards require an accurate financial statement. Furthermore, good internal controls over the processing and review of financial reporting could detect these omissions before the fourth quarter financial statement was finalized and submitted to the Department for Local Government.

To comply with regulatory reporting requirements, we recommend the fiscal court implement adequate internal controls, oversight, and review procedures to ensure all activity is accurately recorded on the fourth quarter financial statement.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Implement adequate internal controls to ensure all activity is accurately recorded on the fourth quarter financial statement.*

2022-002 The Bourbon County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Inaccurate

The Bourbon County Fiscal Court's schedule of expenditures of federal awards (SEFA) did not accurately report federal grant expenditures for fiscal year ended June 30, 2022. The SEFA originally submitted to the Department for Local Government included only Coronavirus State and Local Fiscal Recovery Funds of \$1,921,794 as a Provided to Subrecipient amount. These funds were not provided to a subrecipient. The correct amounts to include on Bourbon County's SEFA were federal expenditures of \$493,000 of CDBG for the YMCA project; \$61,516 for the VOCA grant; and \$3,844 of ARPA.

The treasurer was not clear as to what amounts should be reported on the SEFA for grant funds expended by the fiscal court. Because the treasurer's SEFA was inaccurate, the county is not in compliance with Uniform Guidance section 508. Additionally, the SEFA is the determination factor for whether an entity is required to undergo a single audit, in accordance with Uniform Guidance, if the entity expends \$750,000 or more in federal funds during its fiscal year. Therefore, it is possible if the SEFA is inaccurately prepared the fiscal court could fail to have a single audit when necessary.

**BOURBON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Bourbon County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Inaccurate  
 (Continued)

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OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards 2 CFR 200.508(b) requires the auditee to "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510." 2 CFR 200.510(b) states, in part, "[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502... At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency....
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs ... identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule ...."

Additionally, good internal controls dictate the SEFA be complete and accurate.

We recommend the Bourbon County Fiscal Court ensure the SEFA is complete and accurately prepared for each fiscal year in which federal monies are expended.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Implement adequate internal controls to ensure the SEFA is complete and accurately prepared for each fiscal year in which federal monies are expended.*

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

**BOURBON COUNTY FISCAL COURT**

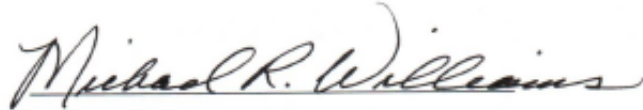
**For The Year Ended June 30, 2022**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2022

The Bourbon County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in cursive script, reading "Michael R. Williams", written over a horizontal line.

County Judge/Executive

A handwritten signature in cursive script, reading "Dana H. Boone", written over a horizontal line.

County Treasurer