

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

**For The Year Ended
June 30, 2024**



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

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable 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, 2024, 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, 2024, 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, 2024, 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 the 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.



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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bourbon County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, 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.

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

2024-001 The Bourbon County Fiscal Court Did Not Properly Account For Debt On The County's Financial Statement

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 21, 2024

BOURBON COUNTY OFFICIALS**For The Year Ended June 30, 2024****Fiscal Court Members:**

Michael R. Williams	County Judge/Executive
Bart N. Horne	Magistrate
Lewis Stubblefield	Magistrate
Bill Conner	Magistrate
Todd Earlywine	Magistrate
Scott Wells	Magistrate
Kristal Cameron	Magistrate
Joseph McCarty	Magistrate

Other Elected Officials:

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

Appointed Personnel:

Dana H. Boone	County Treasurer
Celeste Blake	Human Resource and Tax Administrator
Ashley Moore	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, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 6,022,463	\$	\$	\$
Excess Fees	1,310,195			
Licenses and Permits	84,998			
Intergovernmental	1,149,328	1,225,438	179,235	168,842
Miscellaneous	433,658	14,795		
Interest	14,893	6,253	6,721	3,612
Total Receipts	<u>9,015,535</u>	<u>1,246,486</u>	<u>185,956</u>	<u>172,454</u>
DISBURSEMENTS				
General Government	3,764,023			
Protection to Persons and Property	2,005,735		109,875	92,846
General Health and Sanitation	263,952	27,767		
Social Services	247,292			
Recreation and Culture	1,346,081			
Roads		776,803		
Debt Service	1,146,480			
Capital Projects	7,887			
Administration	2,616,775	365,820	53,099	
Total Disbursements	<u>11,398,225</u>	<u>1,170,390</u>	<u>162,974</u>	<u>92,846</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,382,690)</u>	<u>76,096</u>	<u>22,982</u>	<u>79,608</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	2,670,000			
Gain (Loss) On Sale of Investment				
Lease Premium (Discount)	(30,000)			
Transfers From Other Funds				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>2,640,000</u>			
Net Change in Fund Balance	257,310	76,096	22,982	79,608
Fund Balance - Beginning (Restated)	2,158,398	157,528	512,673	275,701
Fund Balance - Ending	<u>\$ 2,415,708</u>	<u>\$ 233,624</u>	<u>\$ 535,655</u>	<u>\$ 355,309</u>
Composition of Fund Balance				
Bank Balance	\$ 400,477	\$ 272,396	\$ 535,806	\$ 367,300
Financing Obligation Proceeds Held in Escrow	2,096,396			
Less: Outstanding Checks	(81,165)	(38,772)	(151)	(11,991)
Certificates of Deposit				
Investments				
Fund Balance - Ending	<u>\$ 2,415,708</u>	<u>\$ 233,624</u>	<u>\$ 535,655</u>	<u>\$ 355,309</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, 2024
(Continued)

Budgeted Funds					Unbudgeted Funds	
Federal Grants Fund	County Clerk Storage Fund	Phase I Fund	American Rescue Plan Act Fund	Opioid Settlement Fund	Eternal Flame Maintenance Fund	Educational Trust Fund Checking
\$	\$	\$	\$	\$	\$	\$
		400,000	4,688			
	36,760			121,172	3,450	8,749
23,612	140	2,569	128,443	344	22	34,118
23,612	36,900	402,569	133,131	121,516	3,472	42,867
				31,712		
392,620						221,513
	199	401,000			127	
392,620	199	401,000		31,712	127	221,513
(369,008)	36,701	1,569	133,131	89,804	3,345	(178,646)
						237,848
						237,848
(369,008)	36,701	1,569	133,131	89,804	3,345	59,202
843,190	31,969	2,350	3,893,239	110,039		1,372,288
\$ 474,182	\$ 68,670	\$ 3,919	\$ 4,026,370	\$ 199,843	\$ 3,345	\$ 1,431,490
\$ 64,085	\$ 68,670	\$ 3,919	\$ 68,932	\$ 199,843	\$ 3,345	\$ 1,431,490
410,097			3,957,438			
\$ 474,182	\$ 68,670	\$ 3,919	\$ 4,026,370	\$ 199,843	\$ 3,345	\$ 1,431,490

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, 2024
(Continued)

Private Purpose Trust Funds						
Talbot Clay Trust Fund	Clifton Gillespie Trust Fund	John Marston Education Trust Fund	Robert Meteer Trust Fund	Lucy Anderson Trust Fund	Howard Forquer Trust Fund	Education #1 E.M. Costello, Garth, Costello Hamilton, Champ Trust Fund
\$	\$	\$	\$	\$	\$	\$
13,582	51,718	68,663	40,150	21,381	20,925	7,763
13,582	51,718	68,663	40,150	21,381	20,925	7,763
7,218	30,333	25,179	15,845	9,706	13,793	3,111
7,218	30,333	25,179	15,845	9,706	13,793	3,111
6,364	21,385	43,484	24,305	11,675	7,132	4,652
7,012	10,144	116,972	5,571	7,240	12,555	(2,312)
(10,572)	(103,175)	(49,113)	(30,611)	(16,125)	(16,137)	(6,857)
(3,560)	(93,031)	67,859	(25,040)	(8,885)	(3,582)	(9,169)
2,804	(71,646)	111,343	(735)	2,790	3,550	(4,517)
521,518	2,058,848	1,505,308	1,151,247	697,493	627,864	213,828
\$ 524,322	\$ 1,987,202	\$ 1,616,651	\$ 1,150,512	\$ 700,283	\$ 631,414	\$ 209,311
\$ 15,703	\$ 82,332	\$ 56,928	\$ 52,975	\$ 24,568	\$ 15,304	\$ 5,502
54,541	21,167					
454,078	1,883,703	1,559,723	1,097,537	675,715	616,110	203,809
\$ 524,322	\$ 1,987,202	\$ 1,616,651	\$ 1,150,512	\$ 700,283	\$ 631,414	\$ 209,311

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, 2024
(Continued)

	<u>Private Purpose Trust Funds</u>			<u>Total Funds</u>
	<u>Education #2 Kennedy, Hinkle, Redmon, Goff Trust Fund</u>	<u>Health and Welfare Trust Fund</u>	<u>Massie Memorial Trust Fund</u>	
RECEIPTS				
Taxes	\$	\$	\$	\$ 6,022,463
Excess Fees				1,310,195
Licenses and Permits				84,998
Intergovernmental				3,127,531
Miscellaneous				618,584
Interest	6,761	306	50	452,026
Total Receipts	<u>6,761</u>	<u>306</u>	<u>50</u>	<u>11,615,797</u>
DISBURSEMENTS				
General Government				3,795,735
Protection to Persons and Property				2,601,076
General Health and Sanitation				291,719
Social Services	3,913			577,903
Recreation and Culture				1,346,081
Roads				776,803
Debt Service				1,146,480
Capital Projects				7,887
Administration				3,437,020
Total Disbursements	<u>3,913</u>			<u>13,980,704</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,848</u>	<u>306</u>	<u>50</u>	<u>(2,364,907)</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				2,670,000
Gain (Loss) On Sale of Investment	35,441			192,623
Investments Redeemed				(30,000)
Transfers From Other Funds				237,848
Transfers To Other Funds	(5,258)			(237,848)
Total Other Adjustments to Cash (Uses)	<u>30,183</u>			<u>2,832,623</u>
Net Change in Fund Balance	33,031	306	50	467,716
Fund Balance - Beginning (Restated)	<u>182,861</u>	<u>13,920</u>	<u>25,342</u>	<u>16,355,604</u>
Fund Balance - Ending	<u>\$ 215,892</u>	<u>\$ 14,226</u>	<u>\$ 25,392</u>	<u>\$ 16,823,320</u>
Composition of Fund Balance				
Bank Balance	\$ 6,048	\$ 826	\$ 25,392	\$ 3,701,841
Financing Obligation Proceeds Held in Escrow				2,096,396
Less: Outstanding Checks				(132,079)
Certificates of Deposit		13,400		4,456,643
Investments	209,844			6,700,519
Fund Balance - Ending	<u>\$ 215,892</u>	<u>\$ 14,226</u>	<u>\$ 25,392</u>	<u>\$ 16,823,320</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2024

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, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

County Clerk Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the county clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

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

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

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Eternal Flame Fund - The primary purpose of this fund is to account for activities related to the eternal flame. The primary sources of receipts for this fund are local donations.

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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

E. Bourbon County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

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, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2024, the fiscal court had the following investments and maturities:

I. Cash	<u>Cost</u>			
Money Market	\$	259,361		
CD		<u>75,707</u>		
Total Cash	\$	<u>335,068</u>		
II. Investments	<u>Cost</u>			
	<u>< 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>16-20 Years</u>
Fixed Income Investments:				
Government Bonds	\$	-	\$ 477,341	\$ -
Total:	\$	\$ 477,341	\$	\$
Other Investments:	<u>Cost</u>			
Common Stock	\$	910,005		
Mutual Funds		<u>5,313,173</u>		
Total		<u>6,223,178</u>		
Total Investments	\$	<u>6,700,519</u>		
Total Cash and Investments	\$	<u>7,035,587</u>		

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

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 \$7,035,588 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.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
- The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - The management company of the investment company shall have been in operation for at least five years; and
 - 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:
- Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - Have a standard maturity of no more than ten years; and
 - 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. As of June 30, 2024, the fiscal court has investments of less than 20 percent in these categories.

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

Type	Unrated/NA	Cost Basis
Investments:		
Common Stock	\$ 910,005	\$ 910,005
Mutual Funds	5,313,173	5,313,173
Total Investments	6,223,178	6,223,178
Total Fund Balance	\$ 6,223,178	\$6,223,178

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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	Education Trust Fund Checking	Total Transfers Out
Talbott Clay Trust Fund	\$ 10,572	\$ 10,572
Clifton Gillespie Trust Fund	103,175	103,175
John Marston Trust Fund	49,113	49,113
Robert Meteer Trust Fund	30,611	30,611
Lucy Anderson Trust Fund	16,125	16,125
Howard Forquer Trust Fund	16,137	16,137
Education #1 Trust Fund	6,857	6,857
Education #2 Trust Fund	5,258	5,258
Total Transfers In	<u>\$ 237,848</u>	<u>\$ 237,848</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.

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. The balance in the Talbott Clay Trust Fund as of June 30, 2024, was \$524,322.

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. The balance in the Clifton Gillespie Trust Fund as of June 30, 2024, was \$1,987,202.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Private Purpose Trust Funds (Continued)

John Marston Education Trust Fund - This fund was established by the will and codicil of John Marston. The will imposed that the funds be held in perpetuity, meaning that the original principal amount remains intact. The primary purpose of this fund is to account for income generated by the principal. The income, less applicable administrative costs, is to be spent on educational scholarships. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office. The balance in the John Marston Education Trust Fund as of June 30, 2024, was \$1,616,651.

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. The balance in the Robert Meter Trust Fund as of June 30, 2024, was \$1,150,512.

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. The balance in the Lucy Anderson Trust Fund as of June 30, 2024, was \$700,283.

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. The balance in the Howard Forquer Trust Fund as of June 30, 2024, was \$631,414.

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. The balance in the Education #1 E.M. Costello, Garth, Costello, Hamilton, Champ Trust Fund as of June 30, 2024, was \$209,311.

Education #2 Kennedy, Hinkle, Redmon, Goff Trust Fund - This fund was established to consolidate the following trust funds: Harrell-Kennedy Fund, Brooks Hinkle Fund, Lou Davis Redmon Fund, and May Goff Fund in 2014. The primary purpose of this fund is to account for income generated by the principal. The income, less applicable administrative costs, is to be spent on educational scholarships to young men and women residing in Bourbon County, Kentucky. The county has a committee, appointed by the county judge/executive, which decides how the money shall be disbursed based on applications received by the county judge/executive's office. The balance in the Education #2 Kennedy, Hinkle, Redmon, Goff Trust Fund as of June 30, 2024, was \$215,892.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Private Purpose Trust Funds (Continued)

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. The balance in the Health and Welfare Trust Fund as of June 30, 2024, was \$14,226.

Massie Memorial Trust Fund - This fund was established to assist with medical bills for the residents of Bourbon County. The balance in the Massie Memorial Trust Fund as of June 30, 2024, was \$25,392.

Note 5. Leases

A. Lessor

1. During the current fiscal year, the Bourbon County Fiscal Court began leasing property of the detention building to the Bourbon County-Nicholas County Regional Jail Authority. The lease is for one year and the Bourbon County Fiscal Court will receive a yearly payment of \$1. The Bourbon County Fiscal Court recognized \$1 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Bourbon County Fiscal Court's receivable for lease payments was \$1.
2. During the current fiscal year, the Bourbon County Fiscal Court began leasing land property to the Hammond Broadcasting, Inc. The lease is for 30 years, and the Bourbon County Fiscal Court will receive yearly payments of \$750. The Bourbon County Fiscal Court recognized \$750 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Bourbon County Fiscal Court's receivable for lease payments was \$21,750.
3. During the current fiscal year, the Bourbon County Fiscal Court began leasing land property to The Farmers' Market of Paris and Bourbon County, Inc. The lease is for one year and the Bourbon County Fiscal Court will receive yearly payment of \$1. The Bourbon County Fiscal Court recognized \$1 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Bourbon County Fiscal Court's receivable for lease payments was \$1.
4. 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 2024.

B. Lessee

1. During the current fiscal year, the Bourbon County Fiscal Court entered into a three-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$8,836 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$1,964. The Bourbon County Fiscal Court is required to make monthly principal payments of \$245.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Leases (Continued)

B. Lessee (Continued)

1. (Continued)

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30, 2024	Principal
2025	1,964
Total	<u>\$1,964</u>

2. During fiscal year 2021, the Bourbon County Fiscal Court entered into a five-year lease agreement as lessee for the use of telephone equipment. An initial lease liability was recorded in the amount of \$94,680. As of June 30, 2024, the value of the lease liability was \$44,184. The Bourbon County Fiscal Court is required to make monthly principal payments of \$1,578. The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30, 2024	Principal
2025	18,936
2026	18,936
2027	<u>6,312</u>
Total	<u>\$44,184</u>

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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

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

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. This agreement was paid in full as of June 30, 2024.

2. Body Scanner Lease

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

Principal and interest, which is calculated at a rate of 3.5 percent, are due biannually on June 20 and December 20, beginning on December 20, 2017. This agreement was paid in full as of June 30, 2024.

3. Park and Land Lease

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

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Park and Land Lease (Continued)

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, 2024, the outstanding principal balance was \$2,340,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 115,000	\$ 65,673
2026	120,000	60,686
2027	125,000	55,486
2028	130,000	50,073
2029	135,000	41,748
2030-2034	725,000	160,604
2035-2039	815,000	72,060
2040	175,000	1,313
Totals	<u>\$ 2,340,000</u>	<u>\$ 507,643</u>

4. Sheriff's Vehicles Lease

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

As of June 30, 2024, the principal outstanding was \$282,095. Lease payments for the remaining years are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 75,769	\$ 14,524
2026	79,539	10,295
2027	83,495	5,854
2028	43,293	1,194
	<u>\$ 282,096</u>	<u>\$ 31,867</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

5. Park Development Project

Bourbon County entered in to a \$2,670,000 lease agreement on September 28, 2023, with Kentucky Association of Counties Finance Corporation for development project of park recreation area. This agreement requires monthly principal and interest payments. The effective interest rate is 4.305 percent, and the agreement is to be paid in full by June 30, 2043. In the event of default, the lessor may enforce the pledge that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payment when and as due. The lessor may also take legal title and sell or re-lease the project or any portion thereof.

The following schedule indicated principal and interest payments according to the original lease agreement. The outstanding principal balance was \$2,670,000 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 85,000	\$ 130,399
2026	90,000	125,684
2027	95,000	120,699
2028	100,000	115,444
2029	105,000	109,919
2030-2034	620,000	455,960
2035-2039	795,000	277,776
2040-2043	<u>780,000</u>	<u>79,415</u>
Totals	<u>\$ 2,670,000</u>	<u>\$ 1,415,296</u>

B. Other Debt

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

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

The bonds require semiannual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2024, the outstanding principal balance was \$4,905,000. Future principal and interest requirements are:

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

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

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 420,000	\$ 155,750
2026	440,000	138,950
2027	460,000	121,350
2028	355,000	107,550
2029	365,000	96,900
2030-2034	1,985,000	314,100
2035	880,000	39,750
Totals	<u>\$ 4,905,000</u>	<u>\$ 974,350</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 50% in principal amount of the outstanding bonds, by annulling such declaration and its consequents. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

The bonds require semi-annual interest payments due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2024, the outstanding principal balance was \$1,255,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 90,000	\$ 39,400
2026	90,000	36,700
2027	95,000	34,000
2028	95,000	31,150
2029	100,000	28,300
2030-2034	540,000	94,206
2035-2036	245,000	12,488
Totals	<u>\$ 1,255,000</u>	<u>\$ 276,244</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 2,863,070	\$ 2,670,000	\$ 240,974	\$ 5,292,096	\$ 275,769
Other Debt	6,655,000		495,000	6,160,000	510,000
Total Long-term Debt	<u>\$ 9,518,070</u>	<u>\$ 2,670,000</u>	<u>\$ 735,974</u>	<u>\$11,452,096</u>	<u>\$ 785,769</u>

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 510,000	\$ 195,150	\$ 275,769	\$ 210,596
2026	530,000	175,650	289,539	196,665
2027	555,000	155,350	303,495	182,039
2028	450,000	138,700	273,293	166,711
2029	465,000	125,200	240,000	151,667
2030-2034	2,525,000	408,306	1,345,000	616,564
2035-2039	1,125,000	52,238	1,610,000	349,836
2040-2043			955,000	80,728
Totals	<u>\$ 6,160,000</u>	<u>\$ 1,250,594</u>	<u>\$ 5,292,096</u>	<u>\$ 1,954,806</u>

Note 7. Commitments and Contingencies

Bourbon County entered into a Memorandum of Agreement with the Commonwealth of Kentucky Transportation Cabinet Department of Highways to improve US 460 from Russell Cave Road to the US 27 Bypass in Paris. Bourbon County agreed to pay the Department of Highways \$1,000,000 for the project. The Department of Highways will be responsible for all phases of the project. Bourbon County will pay \$100,000 for 10 consecutive quarters until the \$1,000,000 is paid in full. During the fiscal year, the county made three quarterly payments totaling \$300,000. As of June 30, 2024, Bourbon County's remaining commitment is \$200,000.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(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-member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$935,992, FY 2023 was \$1,002,250, and FY 2024 was \$917,685.

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% 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% of their annual creditable compensation. Nonhazardous members also contribute 1% 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% 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 23.34%.

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% 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, 2024
(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% of their annual creditable compensation and also contribute 1% 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% 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 43.69%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

B. Health Insurance Coverage - Tier 1 (Continued)

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 \$10 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 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 \$10 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, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn \$10 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%. 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% 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.

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

Once members reach a minimum vesting period of 15 years, they earn \$15 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%. Upon the death of a hazardous employee, the employee's spouse receives \$10 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% COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

E. 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%. 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.

F. 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.

G. 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, 2024
(Continued)

Note 8. Employee Retirement System (Continued)

Ky. Ret. Sys. 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 \$14,564 as of June 30, 2024.

Note 11. Insurance

For the fiscal year ended June 30, 2024, 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, 2024
(Continued)

Note 12. 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 13. Prior Period Adjustment

The beginning balance of the general fund was increased \$403,359 to account for prior year additional borrowings received but not included on the financial statement.

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 6,214,500	\$ 6,214,500	\$ 6,022,463	\$ (192,037)
Excess Fees	1,252,050	2,363,582	1,310,195	(1,053,387)
Licenses and Permits	66,200	66,200	84,998	18,798
Intergovernmental	1,661,210	1,645,810	1,149,328	(496,482)
Charges for Services	1,100	1,100		(1,100)
Miscellaneous	293,716	293,716	433,658	139,942
Interest	30,000	30,000	14,893	(15,107)
Total Receipts	<u>9,518,776</u>	<u>10,614,908</u>	<u>9,015,535</u>	<u>(1,599,373)</u>
DISBURSEMENTS				
General Government	2,801,113	4,431,428	3,764,023	667,405
Protection to Persons and Property	2,102,864	2,268,973	2,005,735	263,238
General Health and Sanitation	281,450	283,670	263,952	19,718
Social Services	292,970	277,570	247,292	30,278
Recreation and Culture	1,277,412	3,931,662	1,346,081	2,585,581
Debt Service	1,040,609	1,146,482	1,146,480	2
Capital Projects	50,000	44,963	7,887	37,076
Administration	3,521,899	3,287,121	2,616,775	670,346
Total Disbursements	<u>11,368,317</u>	<u>15,671,869</u>	<u>11,398,225</u>	<u>4,273,644</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,849,541)</u>	<u>(5,056,961)</u>	<u>(2,382,690)</u>	<u>2,674,271</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	549,191	3,592,611	2,670,000	(922,611)
Lease Premium (Discount)			(30,000)	(30,000)
Total Other Adjustments to Cash (Uses)	<u>549,191</u>	<u>3,592,611</u>	<u>2,640,000</u>	<u>(952,611)</u>
Net Change in Fund Balance	(1,300,350)	(1,464,350)	257,310	1,721,660
Fund Balance - Beginning	1,300,350	1,300,350	2,158,398	858,048
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (164,000)</u>	<u>\$ 2,415,708</u>	<u>\$ 2,579,708</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,300,549	\$ 1,300,549	\$ 1,225,438	\$ (75,111)
Miscellaneous	21,000	21,000	14,795	(6,205)
Interest	8,000	8,000	6,253	(1,747)
Total Receipts	<u>1,329,549</u>	<u>1,329,549</u>	<u>1,246,486</u>	<u>(83,063)</u>
DISBURSEMENTS				
General Health and Sanitation	24,610	27,767	27,767	
Roads	1,007,371	1,009,523	776,803	232,720
Capital Projects	133,941	133,941		133,941
Administration	549,127	543,818	365,820	177,998
Total Disbursements	<u>1,715,049</u>	<u>1,715,049</u>	<u>1,170,390</u>	<u>544,659</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(385,500)</u>	<u>(385,500)</u>	<u>76,096</u>	<u>461,596</u>
Net Change in Fund Balance	(385,500)	(385,500)	76,096	461,596
Fund Balance - Beginning	<u>385,500</u>	<u>385,500</u>	<u>157,528</u>	<u>(227,972)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 233,624</u>	<u>\$ 233,624</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 163,700	\$ 163,700	\$ 179,235	\$ 15,535
Miscellaneous	5,000	5,000		(5,000)
Interest	6,500	6,500	6,721	221
Total Receipts	<u>175,200</u>	<u>175,200</u>	<u>185,956</u>	<u>10,756</u>
DISBURSEMENTS				
Protection to Persons and Property	171,288	170,994	109,875	61,119
Administration	514,712	515,006	53,099	461,907
Total Disbursements	<u>686,000</u>	<u>686,000</u>	<u>162,974</u>	<u>523,026</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(510,800)</u>	<u>(510,800)</u>	<u>22,982</u>	<u>533,782</u>
Net Change in Fund Balance	(510,800)	(510,800)	22,982	533,782
Fund Balance - Beginning	<u>510,800</u>	<u>510,800</u>	<u>512,673</u>	<u>1,873</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 535,655</u>	<u>\$ 535,655</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 168,842	\$ 78,842
Interest	2,000	2,000	3,612	1,612
Total Receipts	<u>92,000</u>	<u>92,000</u>	<u>172,454</u>	<u>80,454</u>
DISBURSEMENTS				
Protection to Persons and Property	92,000	216,663	92,846	123,817
Capital Projects	295,750	171,087		171,087
Total Disbursements	<u>387,750</u>	<u>387,750</u>	<u>92,846</u>	<u>294,904</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(295,750)</u>	<u>(295,750)</u>	<u>79,608</u>	<u>375,358</u>
Net Change in Fund Balance	(295,750)	(295,750)	79,608	375,358
Fund Balance - Beginning	<u>295,750</u>	<u>295,750</u>	<u>275,701</u>	<u>(20,049)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 355,309</u>	<u>\$ 355,309</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 16,800	\$ 16,800	\$ 23,612	\$ 6,812
Total Receipts	16,800	16,800	23,612	6,812
DISBURSEMENTS				
Protection to Persons and Property	400,000	400,000	392,620	7,380
Administration	468,297	304,297		304,297
Total Disbursements	868,297	704,297	392,620	311,677
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(851,497)	(687,497)	(369,008)	318,489
Net Change in Fund Balance	(851,497)	(687,497)	(369,008)	318,489
Fund Balance - Beginning	851,497	851,497	843,190	(8,307)
Fund Balance - Ending	\$ 0	\$ 164,000	\$ 474,182	\$ 310,182

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	COUNTY CLERK STORAGE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 27,000	\$ 27,000	\$ 36,760	\$ 9,760
Interest	100	100	140	40
Total Receipts	<u>27,100</u>	<u>27,100</u>	<u>36,900</u>	<u>9,800</u>
DISBURSEMENTS				
Administration	47,464	47,464	199	47,265
Total Disbursements	<u>47,464</u>	<u>47,464</u>	<u>199</u>	<u>47,265</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(20,364)</u>	<u>(20,364)</u>	<u>36,701</u>	<u>57,065</u>
Net Change in Fund Balance	(20,364)	(20,364)	36,701	57,065
Fund Balance - Beginning	<u>20,364</u>	<u>20,364</u>	<u>31,969</u>	<u>11,605</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,670</u>	<u>\$ 68,670</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	PHASE I FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 387,500	\$ 400,000	\$ 400,000	\$
Interest	1,000	1,000	2,569	1,569
Total Receipts	<u>388,500</u>	<u>401,000</u>	<u>402,569</u>	<u>1,569</u>
DISBURSEMENTS				
Administration	388,500	401,000	401,000	
Total Disbursements	<u>388,500</u>	<u>401,000</u>	<u>401,000</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>1,569</u>	<u>1,569</u>
Net Change in Fund Balance			1,569	1,569
Fund Balance - Beginning			<u>2,350</u>	<u>2,350</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,919</u>	<u>\$ 3,919</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

AMERICAN RESCUE PLAN ACT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$	\$ 4,688	\$ 4,688
Interest	32,000	32,000	128,443	96,443
Total Receipts	32,000	32,000	133,131	101,131
DISBURSEMENTS				
Administration	3,962,043	3,962,043		3,962,043
Total Disbursements	3,962,043	3,962,043		3,962,043
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,930,043)	(3,930,043)	133,131	4,063,174
Net Change in Fund Balance	(3,930,043)	(3,930,043)	133,131	4,063,174
Fund Balance - Beginning	3,930,043	3,930,043	3,893,239	(36,804)
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,026,370	\$ 4,026,370

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 121,172	\$ 121,172
Interest	1,000	1,000	344	(656)
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>121,516</u>	<u>120,516</u>
DISBURSEMENTS				
General Government		31,712	31,712	
Administration	110,950	79,238		79,238
Total Disbursements	<u>110,950</u>	<u>110,950</u>	<u>31,712</u>	<u>79,238</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(109,950)</u>	<u>(109,950)</u>	<u>89,804</u>	<u>199,754</u>
Net Change in Fund Balance	(109,950)	(109,950)	89,804	199,754
Fund Balance - Beginning	<u>109,950</u>	<u>109,950</u>	<u>110,039</u>	<u>89</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 199,843</u>	<u>\$ 199,843</u>

BOURBON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

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.

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

For The Year Ended June 30, 2024

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BOURBON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,568,059	\$	\$	\$ 2,568,059
Buildings and Improvements	19,381,146			19,381,146
Vehicles and Equipment	1,890,475	516,563	86,993	2,320,045
Other Equipment	1,996,992			1,996,992
Infrastructure	10,902,362			10,902,362
 Total Capital Assets	 <u>\$ 36,739,034</u>	 <u>\$ 516,563</u>	 <u>\$ 86,993</u>	 <u>\$ 37,168,604</u>

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

June 30, 2024

Note 1. Capital Assets

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

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

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable 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, 2024, 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 November 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a material weakness.



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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2024-001.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Bourbon County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 21, 2024

**BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

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**BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDING:

2024-001 The Bourbon County Fiscal Court Did Not Properly Account For Debt On The County's Financial Statement

During the year ending June 30, 2024, the county entered into a lease for the parks project with lease proceeds totaling \$2,670,000. The county had the outstanding amount of debt on the liabilities section of its quarterly report but failed to post the total amount on the receipts ledger for the lease proceeds. In addition, the court included prior year issued debt for the sheriff's vehicles which was not included on the financial statement in the prior year. Furthermore, the county had prior period debt that was held in escrow for the parks and land project that the county posted to the financial statement in the current year that had already been accounted for in fiscal year 2020. Finally, the county included debt disbursements from a prior period and included a posting to close out the financing proceeds held in escrow for the parks and land project, which was due to the amount being posted twice on the receipts ledger.

According to the county, it was unaware that it needed to record the total amount of debt on the receipts ledger due to the money being held in a bank account by KACo. The county was also unaware that the parks and land project entire amount had already been accounted for in 2020. Further, the county did not have adequate controls in place to ensure these transactions were reflected in the county's financial statements. The quarterly report General Fund receipts were understated by \$1,578,552 and expenditures were overstated by \$554,844.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, all financial activity, including transactions through a third party, must be recorded on the county's financial statements.

We recommend the county implement controls to ensure all lease transactions are accurately posted on the county's quarterly report in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Bourbon County Fiscal Court passes a budget amendment for all incurred liabilities creating revenue and expense lines to correspond with the debt. The fiscal court also includes all debt in the liabilities journal. We must pay for project expenses out of the general fund and send copies of those invoices and cleared checks to KACo for reimbursement. Once reimbursement is actually received, we post those receipts. A statement from Department of Local Government is as follows:

BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDING: (Continued)

2024-001 The Bourbon County Fiscal Court Did Not Properly Account For Debt On The County's Financial Statement (Continued)

Views of Responsible Official and Planned Corrective Action: (Continued)

County Judge/Executive's Response: (Continued)

Dana,

In regard to the Audit finding on the reimbursement loan you have taken out, this money should only be receipted when the reimbursement is received by the county.

Page 53 of the Budget Manual Reads, "The uniform system of accounts (USA) requires revenues to be recorded when received in total and expenditures to be recorded at actual cost when paid."

One can argue that in many instances the counties actually work on a modified cash basis, but the budget manual clearly requires a cash basis of accounting according to Page 53.

I hope this helps clear up the matter.

Jaarad W. Taylor,
Branch Manager & Local Government Advisor
 Department for Local Government
 Office of the Governor
 100 Airport Road, Third Floor
 502-892-3512 Direct Line



Auditor's Reply: The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires counties to either be on a regulatory basis of accounting or GAAP, not a cash basis. On September 28, 2023, Bourbon County borrowed and received the full amount of \$2,670,000. Instead of being deposited into the county's local bank account, these funds are being held and invested by KACo on the county's behalf and are Bourbon County's funds. Per the DLG manual, "All borrowed money received and repaid must be reflected in the county budget." Furthermore, during DLG budget trainings, officials were instructed that borrowed money is comprised of bond proceeds, lease proceeds and loan proceeds, including funds actually received by the county and funds held by third parties, such as KACo.

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

BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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

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

County Judge/Executive

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

County Treasurer