

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

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



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

**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 Mueller, Franklin County Judge Executive

The Honorable Huston Wells, Former Franklin County Judge/Executive

Members of the Franklin 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 Franklin County Fiscal Court, for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the Franklin County Fiscal Court's financial statement as listed in the table of contents.

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

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

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

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

***Basis for Opinions***

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



To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable Michael Mueller, Franklin County Judge Executive  
 The Honorable Huston Wells, Former Franklin County Judge/Executive  
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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 Franklin 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***

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

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

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Michael Mueller, Franklin County Judge Executive  
The Honorable Huston Wells, Former Franklin County Judge/Executive  
Members of the Franklin County Fiscal Court

## **Report on the Audit of the Financial Statement (Continued)**

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

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

### **Other Matters**

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Franklin 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.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
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The Honorable Huston Wells, Former Franklin County Judge/Executive  
Members of the Franklin County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023, on our consideration of the Franklin 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 Franklin County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

February 17, 2023



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

Huston Wells	County Judge/Executive
Sherry Sebastian	Magistrate
J.W. Blackburn	Magistrate
Michael Mueller	Magistrate
Scotty Tracy	Magistrate
Marti Booth	Magistrate
Lambert Moore	Magistrate

**Other Elected Officials:**

Rick Sparks	County Attorney
Jacob Banta	Jailer
Jeff Hancock	County Clerk
Amy Feldman	Circuit Court Clerk
Chris Quire	Sheriff
Kellie Lang	Property Valuation Administrator
William C. Harrod	Coroner

**Appointed Personnel:**

Susan Laurenson	County Treasurer
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**FRANKLIN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 15,538,556	\$	\$	\$
Excess Fees	445			
Licenses and Permits	327,898			
Intergovernmental	819,074	1,366,489	1,415,342	103,804
Charges for Services	683,224		89,091	
Miscellaneous	192,446	61,895	296,548	
Interest	54,196			
Total Receipts	<u>17,615,839</u>	<u>1,428,384</u>	<u>1,800,981</u>	<u>103,804</u>
<b>DISBURSEMENTS</b>				
General Government	3,314,520			
Protection to Persons and Property	984,294		3,394,828	
General Health and Sanitation	1,851,561	3,333		
Social Services	427,868			
Recreation and Culture	552,014			
Roads		1,928,087		16,700
Debt Service	67,955			
Capital Projects	89,473			
Administration	1,686,845	408,760	946,924	
Total Disbursements	<u>8,974,530</u>	<u>2,340,180</u>	<u>4,341,752</u>	<u>16,700</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>8,641,309</u>	<u>(911,796)</u>	<u>(2,540,771)</u>	<u>87,104</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	154,342	900,000	2,543,682	
Transfers To Other Funds	<u>(8,493,682)</u>			
Total Other Adjustments to Cash (Uses)	<u>(8,339,340)</u>	<u>900,000</u>	<u>2,543,682</u>	
Net Change in Fund Balance	301,969	(11,796)	2,911	87,104
Fund Balance - Beginning	<u>10,473,012</u>	<u>308,773</u>	<u>15,052</u>	<u>313,223</u>
Fund Balance - Ending	<u>\$ 10,774,981</u>	<u>\$ 296,977</u>	<u>\$ 17,963</u>	<u>\$ 400,327</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 10,735,149	\$ 644,719	\$ 61,359	\$ 400,327
Plus: Deposits In Transit	5,527			
Less: Outstanding Checks	(200,974)	(347,742)	(43,396)	
Certificates of Deposit	<u>235,279</u>			
Fund Balance - Ending	<u>\$ 10,774,981</u>	<u>\$ 296,977</u>	<u>\$ 17,963</u>	<u>\$ 400,327</u>

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

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

<b>Budgeted Funds</b>						
<b>Federal Projects Fund</b>	<b>Fire Protection Fund</b>	<b>County Clerk Fund</b>	<b>County Sheriff Fund</b>	<b>Transient Tax Fund</b>	<b>ARPA Fund</b>	<b>Special Reserve Fund</b>
\$	\$ 2,398,058	\$ 1,192,253	\$ 65,563	\$ 505,822	\$	\$
129,302	306,273		119,106		4,952,202	
	6,437	710,806	1,836,305		4,990	
129,302	2,710,768	1,903,059	2,020,974	505,822	4,957,192	
142,518		735,346	2,130,756		198,930	
20,209	3,659,006				369,417	
					157,095	
10,000				210,207		
				297,003		
	1,977,488	315,284	1,010,028		138,411	
172,727	5,636,494	1,050,630	3,140,784	507,210	863,853	
(43,425)	(2,925,726)	852,429	(1,119,810)	(1,388)	4,093,339	
	2,725,000		1,125,000			
		(654,342)				
	2,725,000	(654,342)	1,125,000			
(43,425)	(200,726)	198,087	5,190	(1,388)	4,093,339	
286,182	364,054	704,593	3,770	1,492	4,952,799	120,000
\$ 242,757	\$ 163,328	\$ 902,680	\$ 8,960	\$ 104	\$ 9,046,138	\$ 120,000
\$ 252,757	\$ 258,494	\$ 902,680	\$ 17,269	\$ 582	\$ 9,245,068	\$ 120,000
(10,000)	(95,166)		(8,309)	(478)	(198,930)	
\$ 242,757	\$ 163,328	\$ 902,680	\$ 8,960	\$ 104	\$ 9,046,138	\$ 120,000

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>		
	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 18,442,436
Excess Fees					1,258,261
Licenses and Permits					327,898
Intergovernmental	100,000		1,482,772		10,794,364
Charges for Services					772,315
Miscellaneous				530,612	3,635,049
Interest	156		3,510		62,852
Total Receipts	<u>100,156</u>		<u>1,486,282</u>	<u>530,612</u>	<u>35,293,175</u>
<b>DISBURSEMENTS</b>					
General Government					6,522,070
Protection to Persons and Property					8,427,754
General Health and Sanitation					2,011,989
Social Services					437,868
Recreation and Culture				514,369	1,276,590
Roads					1,944,787
Debt Service	678,299		1,484,275		2,527,532
Capital Projects	1,981,821				2,071,294
Administration	63,400				6,547,140
Total Disbursements	<u>2,723,520</u>		<u>1,484,275</u>	<u>514,369</u>	<u>31,767,024</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,623,364)</u>		<u>2,007</u>	<u>16,243</u>	<u>3,526,151</u>
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds	1,700,000				9,148,024
Transfers To Other Funds					(9,148,024)
Total Other Adjustments to Cash (Uses)	<u>1,700,000</u>				
Net Change in Fund Balance	(923,364)		2,007	16,243	3,526,151
Fund Balance - Beginning	<u>935,530</u>	<u>415,334</u>	<u>15,543</u>	<u>139,846</u>	<u>19,049,203</u>
Fund Balance - Ending	<u>\$ 12,166</u>	<u>\$ 415,334</u>	<u>\$ 17,550</u>	<u>\$ 156,089</u>	<u>\$ 22,575,354</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 267,444	\$ 415,334	\$ 17,550	\$ 162,096	\$ 23,500,828
Plus: Deposits In Transit				7,272	12,799
Less: Outstanding Checks	(255,278)			(13,279)	(1,173,552)
Certificates of Deposit					235,279
Fund Balance - Ending	<u>\$ 12,166</u>	<u>\$ 415,334</u>	<u>\$ 17,550</u>	<u>\$ 156,089</u>	<u>\$ 22,575,354</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**FRANKLIN COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

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

**A. Reporting Entity**

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



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

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

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

**Budgeted Funds (Continued)**

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

Federal Projects 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.

Fire Protection Fund - The primary purpose of this fund is to account for fire commission receipts from the state fire commission.

County Clerk Fund - The primary purpose of this fund is to account for pass-through payroll reimbursements by the county clerk's office fees and related payroll benefits expenses paid by the fiscal court.

County Sheriff Fund - The primary purpose of this fund is to account for pass-through payroll reimbursements by the sheriff's office fees and related payroll benefits expenses paid by the fiscal court.

Transient Tax Fund - Short term rental businesses such as hotels and motels collect transient room taxes and remit to the fiscal court on a quarterly basis. All transient taxes collected are remitted to the respective agents as follows. The 3% room tax is passed on to the Frankfort Franklin County Tourism Commission. An additional 2% room tax is passed on to a bond trustee on behalf of the Grand Theatre for the purpose of paying off a revenue bond to support a fine arts center.

ARPA Fund - The primary purpose of this fund is to account for the specific federal receipts and disbursements related to the American Rescue Plan Act for relief of negative impacts due to the coronavirus pandemic.

Special Reserve Fund - This fund was established to show commitment for a joint community wide aquatics facility.

Capital Projects Fund - This fund accounts for major improvements to existing facilities, construction or acquisition of new facilities, and major equipment purchases.

Debt Service Fund - This fund reserves funds for debt service.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

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

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

**D. Budgetary Information**

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

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

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

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Franklin County Elected Officials**

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

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

**Note 3. Transfers**

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

	General Fund	County Clerk Fund	Total Transfers In
General Fund	\$	\$ 154,342	\$ 154,342
Road Fund	900,000		900,000
Jail Fund	2,543,682		2,543,682
Fire Protection Fund	2,725,000		2,725,000
County Sheriff Fund	1,125,000		1,125,000
Capital Projects Fund	1,200,000	500,000	1,700,000
Total Transfers Out	<u>\$ 8,493,682</u>	<u>\$ 654,342</u>	<u>\$ 9,148,024</u>

**Reason for transfers:**

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

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

**Note 4. Custodial Funds**

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2022 was \$31,323.

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Land**

On August 27, 2003, the Franklin County Fiscal Court entered into a lease agreement with KACO Leasing Trust through Capital Community Economic/Industrial Development Authority (CCEIDA) for the purchase of land to construct a building for Bluegrass Community Action Agency (BGCAA). CCEIDA received the proceeds. BGCAA makes all payments on the lease. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property does not provide. As of June 30, 2022, the outstanding balance was \$66,000. Future principal and interest requirements are:

Fiscal Year		
Ended	Principal	Interest
2023	\$ 66,000	\$ 2,534
Totals	\$ 66,000	\$ 2,534

**B. Other Debt**

**1. First Mortgage Revenue Refunding Bonds Series 2017 - Public Properties Corporation**

On December 1, 2017, the Franklin County Public Properties Corporation issued \$8,410,000 in first mortgage revenue refunding bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$5,125,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011A, dated May 3, 2011; (ii) the advance refunding of all or certain maturities of the \$23,890,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011; (iii) the payment of accrued interest, if any; and (iv) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on April 1 beginning April 1, 2021. Interest payments, which varies from 3 percent to 5 percent, are payable semi-annually on April 1 and October 1. The outstanding principal balance as of June 30, 2022, was \$8,280,000. Future principal and interest requirements are:

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

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

**B. Other Debt (Continued)**

**1. First Mortgage Revenue Refunding Bonds Series 2017 - Public Properties Corporation (Continued)**

Fiscal Year Ended	Principal	Interest
2023	\$ 70,000	\$ 306,275
2024	70,000	304,788
2025	70,000	303,213
2026	1,440,000	301,550
2027	1,790,000	243,950
2028-2031	4,840,000	362,850
	<u>\$ 8,280,000</u>	<u>\$ 1,822,625</u>

**2. Revenue Refunding Bonds 2020 – Public Properties Corporation**

On August 27, 2020, the Franklin County Public Properties Corporation issued \$9,260,000 in Revenue Refunding Bonds. Proceeds from the bonds were used for the purpose of (i) the advance refunding of all or certain maturities of the \$3,055,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011A, dated May 3 2011; (ii) the advance refunding of all or certain maturities of the \$7,345,000 Franklin County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds, Series 2011B, dated May 3, 2011; (iii) the payment of accrued interest, if any; and (iv) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on April 1 beginning April 1, 2021. Interest payments, which varies from 3 percent to 5 percent, are payable semiannually on April 1 and October 1. The outstanding principal balance as of June 30, 2022, was \$8,335,000. Future principal and interest requirements are:

Fiscal Year Ended	Principal	Interest
2023	\$ 1,625,000	\$ 166,700
2024	1,655,000	134,200
2025	1,690,000	101,100
2026	65,000	67,300
2027	65,000	66,000
2028-2030	3,235,000	168,500
	<u>\$ 8,335,000</u>	<u>\$ 703,800</u>

**3. Fire Department**

On October 28, 2015, the Franklin County Fiscal Court issued \$2,200,000 in General Obligation Lease Bonds Series 2015, dated October 28, 2015, payable in 10 annual principal installments beginning June 30, 2017, with semi-annual interest payments at 2.08 percent beginning June 1, 2016. These bonds were used for the construction of a fire station. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. As of June 30, 2022, the outstanding balance was \$930,000. Future principal and interest requirements are:

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

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

**B. Other Debt (Continued)**

**3. Fire Department (Continued)**

Fiscal Year Ended	Principal	Interest
2023	\$ 225,000	\$ 17,004
2024	230,000	12,272
2025	235,000	7,436
2026	240,000	2,496
	<u>\$ 930,000</u>	<u>\$ 39,208</u>

**4. Fire Truck & Energy Savings Project**

The Franklin County Fiscal Court issued \$5,560,000 in General Obligation Lease Bonds Series, dated December 10, 2020, payable in 28 annual principal installments beginning December 20, 2021, with semiannual interest payments at 3.00 percent beginning June 20, 2021. These bonds were used for the purchase of a fire truck and to complete an energy savings project. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. As of June 30, 2022, the outstanding balance was \$5,300,000. Future principal and interest requirements are:

Fiscal Year Ended	Principal	Interest
2023	\$ 270,000	\$ 168,781
2024	275,000	158,531
2025	290,000	143,719
2026	305,000	128,119
2027	325,000	111,606
2028-2032	1,705,000	370,319
2033-2037	1,485,000	186,054
2038-2039	645,000	22,604
	<u>\$ 5,300,000</u>	<u>\$ 1,289,733</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 129,000	\$	\$ 63,000	\$ 66,000	\$ 66,000
Other Debt	24,315,000		1,470,000	22,845,000	2,120,000
Total Long-term Debt	<u>\$ 24,444,000</u>	<u>\$ 0</u>	<u>\$ 1,533,000</u>	<u>\$22,911,000</u>	<u>\$ 2,186,000</u>

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

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

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 2,190,000	\$ 658,760	\$ 66,000	\$ 2,534
2024	2,230,000	609,791		
2025	2,285,000	555,468		
2026	2,050,000	499,465		
2027	2,180,000	421,556		
2028-2032	9,780,000	901,669		
2033-2037	1,485,000	186,054		
2038-2039	645,000	22,604		
Totals	<u>\$ 22,845,000</u>	<u>\$ 3,855,366</u>	<u>\$ 66,000</u>	<u>\$ 2,534</u>

**Note 6. Employee Retirement System**

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

The county's contribution for FY 2020 was \$3,025,231, FY 2021 was \$2,997,209, and FY 2022 was \$3,672,727.

Nonhazardous

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

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

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

Nonhazardous (Continued)

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

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

The county's contribution rate for nonhazardous employees was 24.06 percent.

Hazardous

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

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

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

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

The county's contribution rate for hazardous employees was 39.58 percent.



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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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

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

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

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.

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

**Note 7. Deferred Compensation**

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

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

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

**Note 8. Health Reimbursement Account/Flexible Spending Account**

The Franklin County Fiscal Court established a health reimbursement and flexible spending account to provide employees additional health benefits. The health reimbursement plan provides funds for employees that waive county paid health insurance. In addition, the county also offers the flexible spending option for county employees to contribute their own pre-tax funds through payroll deduction into the account. The county has contracted with a third-party administrator to administer the plans, the balance of the account as of June 30, 2022, was \$ 113,426.

**Note 9. Insurance**

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

**Note 10. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance industries in Franklin County for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Franklin County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2022, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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

**Note 11. Tax Abatements**

The occupational tax was abated under the authority of Kentucky Business Investment. The companies listed below are eligible to receive this tax abatement as a result of their commitment to create certain jobs and investments in Frankfort, Kentucky. The taxes are abated by allowing the companies to retain or have rebated to them 0.5 percent of subject wages and compensation earned in Franklin County, Kentucky, in accordance with the Franklin County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of employees.

**A. Beam Global Spirits And Wine**

The occupational tax license fee was abated under the authority of Resolution No. 45-2012, adopted by the county on August 14, 2012. Beam Global Spirits and Wine is eligible to receive this tax abatement due to anticipated growth over the employment baseline. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

**B. Buffalo Trace Distillery, Inc.**

The occupational tax license fee was abated under the authority of Resolution No. 45-2016, adopted by the county on December 22, 2016. Buffalo Trace Distillery, Inc. is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated by a rebate of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

**C. Custom Data Processing**

The occupational tax license fee was abated under the authority of Resolution No. 10-2011, adopted by the county on February 17, 2011. Custom Data Processing is eligible to receive this tax abatement due to its commitment to expand operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

**D. Hayashi Telempu North America**

The occupational tax license fee was abated under the authority of Resolution No. 37-2016, adopted by the county on October 28, 2016. Hayashi Telempu North America is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2020, Hayashi Telempu North America abated occupational license fee taxes totaling \$72,275.

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

**Note 11. Tax Abatements (Continued)**

E. Mitsui Kinzoku Catalysts America, Inc.

The occupational tax license fee was abated under the authority of Resolution No. 27-2013, adopted by the county on August 29, 2013. Mitsui Kinzoku Catalysts America, Inc. is eligible to receive this tax abatement due to its commitment to establish new operations and create jobs and investments. The taxes are abated by reimbursement of one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

F. Montaplast

The occupational tax license fee was abated under the authority of Resolution No. 31-2010, adopted by the county on November 5, 2010. Monaplast is eligible to receive this tax abatement due to its commitment to expand its existing operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

G. The Recon Group.

The occupational tax license fee was abated under the authority of Resolution No. 28-2020, adopted by the county on January 1, 2022. The Recon Group is eligible to receive this tax abatement due to its commitment to expand its existing operations and create jobs and investments. The taxes are abated allowing the company to retain one-half of one percent (0.5%) of occupational tax license fees which would be paid by new employees from their salaries and wages. For fiscal year ended June 30, 2022, the Franklin County Fiscal court did not abate any occupational tax license fees.

**Note 12. Receivable**

In January 2004, the Franklin County Fiscal Court entered into a lease agreement to borrow \$69,000 for the purchase of a 5-ton overhead crane for RJ Industries, who delivered an irrevocable letter of credit for the entire loan amount. The county agreed to make the payments and they were to be reimbursed by RJ Industries. The \$69,000 loan proceeds were received by the county but were then paid to RJ Industries. The loan was paid off during fiscal year 2009, which was a year ahead of schedule. RJ Industries defaulted on the associated receivable and a balance of \$6,653 remains owed to Franklin County.

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

**Note 13. Prior Period Adjustments**

	<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>
	<u>Road Fund</u>	<u>Federal Projects Fund</u>	<u>Jail Commissary Fund</u>
Beginning Balance - June 30, 2021	\$ 308,772	\$ 286,183	\$ 141,486
Adjustments:			
Prior Year Omitted Deposit In Transit			1,439
Liability Cleared in Prior Year			(3,079)
Immaterial Adjustment	<u>1</u>	<u>(1)</u>	<u></u>
Restated Beginning Balance - June 30, 2021	<u>\$ 308,773</u>	<u>\$ 286,182</u>	<u>\$ 139,846</u>

**Note 14. Commitments and Contingencies**

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

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 14,181,750	\$ 14,341,183	\$ 15,538,556	\$ 1,197,373
Excess Fees	6,000	6,000	445	(5,555)
Licenses and Permits	202,000	202,000	327,898	125,898
Intergovernmental	647,499	647,499	819,074	171,575
Charges for Services	553,000	553,000	683,224	130,224
Miscellaneous	140,044	140,044	192,446	52,402
Interest	40,000	40,000	54,196	14,196
Total Receipts	15,770,293	15,929,726	17,615,839	1,686,113
<b>DISBURSEMENTS</b>				
General Government	3,452,163	3,522,334	3,314,520	207,814
Protection to Persons and Property	972,161	985,761	984,294	1,467
General Health and Sanitation	1,841,782	1,872,312	1,851,561	20,751
Social Services	409,645	441,445	427,868	13,577
Recreation and Culture	552,800	589,300	552,014	37,286
Debt Service			67,955	(67,955)
Capital Projects	115,000	105,832	89,473	16,359
Administration	1,765,217	1,801,217	1,686,845	114,372
Total Disbursements	9,108,768	9,318,201	8,974,530	343,671
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	6,661,525	6,611,525	8,641,309	2,029,784
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	154,342	154,342	154,342	
Transfers To Other Funds	(9,270,915)	(9,470,915)	(8,493,682)	977,233
Total Other Adjustments to Cash (Uses)	(9,116,573)	(9,316,573)	(8,339,340)	977,233
Net Change in Fund Balance	(2,455,048)	(2,705,048)	301,969	3,007,017
Fund Balance - Beginning	2,455,048	2,705,048	10,473,012	7,767,964
Fund Balance - Ending	\$ 0	\$ 0	\$ 10,774,981	\$ 10,774,981

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,327,824	\$ 1,327,824	\$ 1,366,489	\$ 38,665
Miscellaneous	43,000	64,766	61,895	(2,871)
Total Receipts	1,370,824	1,392,590	1,428,384	35,794
<b>DISBURSEMENTS</b>				
General Health and Sanitation	5,000	5,000	3,333	1,667
Roads	2,429,808	2,451,574	1,928,087	523,487
Administration	414,901	414,901	408,760	6,141
Total Disbursements	2,849,709	2,871,475	2,340,180	531,295
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,478,885)	(1,478,885)	(911,796)	567,089
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,178,885	1,178,885	900,000	(278,885)
Total Other Adjustments to Cash (Uses)	1,178,885	1,178,885	900,000	(278,885)
Net Change in Fund Balance	(300,000)	(300,000)	(11,796)	288,204
Fund Balance - Beginning	300,000	300,000	308,773	8,773
Fund Balance - Ending	\$ 0	\$ 0	\$ 296,977	\$ 296,977

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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,712,000	\$ 1,712,000	\$ 1,415,342	\$ (296,658)
Charges for Services	68,800	68,800	89,091	20,291
Miscellaneous	247,000	247,000	296,548	49,548
Total Receipts	2,027,800	2,027,800	1,800,981	(226,819)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,550,882	3,549,682	3,394,828	154,854
Administration	970,600	971,800	946,924	24,876
Total Disbursements	4,521,482	4,521,482	4,341,752	179,730
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,493,682)	(2,493,682)	(2,540,771)	(47,089)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,493,682	2,493,682	2,543,682	50,000
Total Other Adjustments to Cash (Uses)	2,493,682	2,493,682	2,543,682	50,000
Net Change in Fund Balance			2,911	2,911
Fund Balance - Beginning			15,052	15,052
Fund Balance - Ending	\$ 0	\$ 0	\$ 17,963	\$ 17,963

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 145,403	\$ 145,403	\$ 103,804	\$ (41,599)
Total Receipts	145,403	145,403	103,804	(41,599)
<b>DISBURSEMENTS</b>				
Roads	145,403	183,403	16,700	166,703
Total Disbursements	145,403	183,403	16,700	166,703
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(38,000)	87,104	125,104
Net Change in Fund Balance		(38,000)	87,104	125,104
Fund Balance - Beginning		38,000	313,223	275,223
Fund Balance - Ending	\$ 0	\$ 0	\$ 400,327	\$ 400,327

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

<b>FEDERAL PROJECTS FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 141,000	\$ 341,000	\$ 129,302	\$ (211,698)
Total Receipts	141,000	341,000	129,302	(211,698)
<b>DISBURSEMENTS</b>				
General Government	207,000	186,000	142,518	43,482
Protection to Persons and Property		21,000	20,209	791
Social Services		200,000	10,000	190,000
Total Disbursements	207,000	407,000	172,727	234,273
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(66,000)	(66,000)	(43,425)	22,575
Net Change in Fund Balance	(66,000)	(66,000)	(43,425)	22,575
Fund Balance - Beginning	66,000	66,000	286,182	220,182
Fund Balance - Ending	\$ 0	\$ 0	\$ 242,757	\$ 242,757

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

<b>FIRE PROTECTION FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,100,000	\$ 2,395,000	\$ 2,398,058	\$ 3,058
Intergovernmental	291,900	291,900	306,273	14,373
Miscellaneous	10,000	10,000	6,437	(3,563)
Total Receipts	2,401,900	2,696,900	2,710,768	13,868
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,655,527	3,768,527	3,659,006	109,521
Administration	1,962,500	2,144,500	1,977,488	167,012
Total Disbursements	5,618,027	5,913,027	5,636,494	276,533
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,216,127)	(3,216,127)	(2,925,726)	290,401
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,916,127	2,916,127	2,725,000	(191,127)
Total Other Adjustments to Cash (Uses)	2,916,127	2,916,127	2,725,000	(191,127)
Net Change in Fund Balance	(300,000)	(300,000)	(200,726)	99,274
Fund Balance - Beginning	300,000	300,000	364,054	64,054
Fund Balance - Ending	\$ 0	\$ 0	\$ 163,328	\$ 163,328

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

<b>COUNTY CLERK FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Excess Fees	\$ 503,892	\$ 1,003,892	\$ 1,192,253	\$ 188,361
Miscellaneous	764,596	764,596	710,806	(53,790)
Total Receipts	1,268,488	1,768,488	1,903,059	134,571
<b>DISBURSEMENTS</b>				
General Government	764,596	764,596	735,346	29,250
Administration	349,550	349,550	315,284	34,266
Total Disbursements	1,114,146	1,114,146	1,050,630	63,516
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	154,342	654,342	852,429	198,087
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(154,342)	(654,342)	(654,342)	
Total Other Adjustments to Cash (Uses)	(154,342)	(654,342)	(654,342)	
Net Change in Fund Balance			198,087	198,087
Fund Balance - Beginning			704,593	704,593
Fund Balance - Ending	\$ 0	\$ 0	\$ 902,680	\$ 902,680

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

<b>COUNTY SHERIFF FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Excess Fees	\$ 4,151	\$ 4,151	\$ 65,563	\$ 61,412
Intergovernmental	136,050	136,050	119,106	(16,944)
Miscellaneous	2,020,498	2,076,351	1,836,305	(240,046)
Total Receipts	2,160,699	2,216,552	2,020,974	(195,578)
<b>DISBURSEMENTS</b>				
General Government	2,248,113	2,266,528	2,130,756	135,772
Administration	1,116,307	1,153,745	1,010,028	143,717
Total Disbursements	3,364,420	3,420,273	3,140,784	279,489
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,203,721)	(1,203,721)	(1,119,810)	83,911
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,203,721	1,203,721	1,125,000	(78,721)
Total Other Adjustments to Cash (Uses)	1,203,721	1,203,721	1,125,000	(78,721)
Net Change in Fund Balance			5,190	5,190
Fund Balance - Beginning			3,770	3,770
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,960	\$ 8,960



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

<b>TRANSIENT TAX FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 275,000	\$ 505,720	\$ 505,822	\$ 102
Total Receipts	275,000	505,720	505,822	102
<b>DISBURSEMENTS</b>				
Recreation and Culture	100,000	210,208	210,207	1
Debt Service	175,000	297,004	297,003	1
Total Disbursements	275,000	507,212	507,210	2
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,492)	(1,388)	104
Net Change in Fund Balance		(1,492)	(1,388)	104
Fund Balance - Beginning		1,492	1,492	
Fund Balance - Ending	\$ 0	\$ 0	\$ 104	\$ 104

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

<b>ARPA FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$	\$ 4,952,202	\$ 4,952,202	\$
Interest			4,990	4,990
Total Receipts		4,952,202	4,957,192	4,990
<b>DISBURSEMENTS</b>				
General Government		200,000	198,930	1,070
Protection to Persons and Property		370,000	369,417	583
General Health and Sanitation		600,000	157,095	442,905
Administration	4,952,202	8,734,404	138,411	8,595,993
Total Disbursements	4,952,202	9,904,404	863,853	9,040,551
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,952,202)	(4,952,202)	4,093,339	9,045,541
Net Change in Fund Balance	(4,952,202)	(4,952,202)	4,093,339	9,045,541
Fund Balance - Beginning	4,952,202	4,952,202	4,952,799	597
Fund Balance - Ending	\$ 0	\$ 0	\$ 9,046,138	\$ 9,046,138

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

<b>SPECIAL RESERVE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Interest	\$	\$	\$
Total Receipts			
<b>DISBURSEMENTS</b>			
Administration			
Total Disbursements			
Net Change in Fund Balance			
Fund Balance - Beginning			120,000
Fund Balance - Ending	\$ 0	\$ 0	\$ 120,000

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

<b>CAPITAL PROJECTS FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$
Interest			156	156
Total Receipts	100,000	100,000	100,156	156
<b>DISBURSEMENTS</b>				
Debt Service	679,000	679,000	678,299	701
Capital Projects	2,899,500	3,399,500	1,981,821	1,417,679
Administration		200,000	63,400	136,600
Total Disbursements	3,578,500	4,278,500	2,723,520	1,554,980
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,478,500)	(4,178,500)	(2,623,364)	1,555,136
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,478,500	2,178,500	1,700,000	(478,500)
Total Other Adjustments to Cash (Uses)	1,478,500	2,178,500	1,700,000	(478,500)
Net Change in Fund Balance	(2,000,000)	(2,000,000)	(923,364)	1,076,636
Fund Balance - Beginning	2,000,000	2,000,000	935,530	(1,064,470)
Fund Balance - Ending	\$ 0	\$ 0	\$ 12,166	\$ 12,166

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

<b>DEBT SERVICE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Interest	\$	\$	\$
Total Receipts			
<b>DISBURSEMENTS</b>			
Administration			
Total Disbursements			
Net Change in Fund Balance			
Fund Balance - Beginning			415,334
Fund Balance - Ending	\$ 0	\$ 0	\$ 415,334

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

**June 30, 2022**

**Note 1. Budgetary Information**

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

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

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

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

The general fund, debt service line item, exceeded budgeted appropriations by \$67,955.

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 4,124,914	\$	\$	\$ 4,124,914
Construction in Progress	3,455,578	1,496,448		4,952,026
Buildings	48,045,683			48,045,683
Furniture and Equipment	5,233,067	957,780	644,797	5,546,050
Vehicles	8,886,240	1,179,536	850,213	9,215,563
Infrastructure	56,924,425	340,300		57,264,725
 Total Capital Assets	 <u>\$ 126,669,907</u>	 <u>\$ 3,974,064</u>	 <u>\$ 1,495,010</u>	 <u>\$ 129,148,961</u>

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

**June 30, 2022**

**Note 1. Capital Assets**

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 25,000	20
Land	\$ 1	
Buildings and Building Improvements	\$ 50,000	10-40
Machinery and Equipment	\$ 5,000	3-10
Vehicles	\$ 5,000	5
Infrastructure	\$ 100,000	25-50

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

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**MIKE HARMON**  
**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 Mueller, Franklin County Judge Executive  
The Honorable Huston Wells, Former Franklin County Judge/Executive  
Members of the Franklin 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 Franklin County Fiscal Court for the fiscal year ended June 30, 2022 and the related notes to the financial statement which collectively comprise the Franklin County Fiscal Court's financial statement and have issued our report thereon dated February 17, 2023.

**Internal Control Over Financial Reporting**

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

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

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



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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Franklin County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", followed by a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

February 17, 2023

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

**FRANKLIN COUNTY FISCAL COURT**

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


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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
FRANKLIN COUNTY FISCAL COURT


For The Year Ended June 30, 2022

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



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County Judge/Executive



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County Treasurer