

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

**For The Year Ended
June 30, 2025**



**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, 2025, 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, 2025, 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, 2025, 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.



To the People of Kentucky
 The Honorable Andy Beshear, Governor
 Holly M. Johnson, Secretary
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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.

To the People of Kentucky
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, 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:

- 2025-001 The Bourbon County Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated
- 2025-002 The Bourbon County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

December 18, 2025

BOURBON COUNTY OFFICIALS**For The Year Ended June 30, 2025****Fiscal Court Members:**

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

Other Elected Officials:

G. Davis 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 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, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 8,076,552	\$	\$
Excess Fees	1,403,772		
Licenses and Permits	107,409		
Intergovernmental	4,173,434	1,346,326	189,173
Miscellaneous	414,034	24,622	
Interest	71,352	9,580	7,561
Total Receipts	<u>14,246,553</u>	<u>1,380,528</u>	<u>196,734</u>
DISBURSEMENTS			
General Government	3,399,669		
Protection to Persons and Property	2,114,350		85,672
General Health and Sanitation	261,206	21,046	
Social Services	253,699		
Recreation and Culture	1,918,384		
Roads		724,309	
Debt Service	1,187,578		
Capital Projects	24,569	5,724	
Administration	2,464,688	374,182	160,226
Total Disbursements	<u>11,624,143</u>	<u>1,125,261</u>	<u>245,898</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,622,410</u>	<u>255,267</u>	<u>(49,164)</u>
Other Adjustments to Cash (Uses)			
Gain (Loss) On Sale of Investment			
Transfers From Other Funds	250,000		
Transfers To Other Funds	(3,485,821)		
Total Other Adjustments to Cash (Uses)	<u>(3,235,821)</u>		
Net Change in Fund Balance	(613,411)	255,267	(49,164)
Fund Balance - Beginning (Restated)	<u>2,503,894</u>	<u>233,759</u>	<u>535,655</u>
Fund Balance - Ending	<u>\$ 1,890,483</u>	<u>\$ 489,026</u>	<u>\$ 486,491</u>
Composition of Fund Balance			
Bank Balance	\$ 1,458,957	\$ 507,344	\$ 586,491
Financing Obligation Proceeds Held in Escrow	514,596		
Less: Outstanding Checks	(83,070)	(18,318)	(100,000)
Certificates of Deposit			
Investments			
Fund Balance - Ending	<u>\$ 1,890,483</u>	<u>\$ 489,026</u>	<u>\$ 486,491</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, 2025
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Federal Grants Fund	County Clerk Permanent Storage Fees Fund	Eternal Flame Maintenance Fund	Phase I Fund	American Rescue Plan Act Fund	Opioid Court Settlement Fund
\$	\$	\$	\$	\$	\$	\$
169,229		34,330	2,500	302,000		71,911
3,972	19,785	2,098	65	1,832	232,503	426
173,201	19,785	36,428	2,565	303,832	232,503	72,337
91,413						
23,270	18,500	17,532	5,628	302,000	318,528	30
114,683	18,500	17,532	5,628	302,000	318,528	30
58,518	1,285	18,896	(3,063)	1,832	(86,025)	72,307
250,000 (250,000)						
58,518	1,285	18,896	(3,063)	1,832	(86,025)	72,307
355,309	474,182	68,670	3,345	9,027	4,026,370	199,843
\$ 413,827	\$ 475,467	\$ 87,566	\$ 282	\$ 10,859	\$ 3,940,345	\$ 272,150
\$ 415,066	\$ 45,585	\$ 87,566	\$ 282	\$ 69,968	\$ 3,940,345	\$ 22,150
(1,239)	429,882			(59,109)		250,000
\$ 413,827	\$ 475,467	\$ 87,566	\$ 282	\$ 10,859	\$ 3,940,345	\$ 272,150

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, 2025
(Continued)

	<u>Budgeted Funds</u>	<u>Unbudgeted Fund</u>	<u>Private Purpose Trust Funds</u>	
	<u>Millersburg Road Park Project Fund</u>	<u>Educational Trust Fund Checking</u>	<u>Talbott Clay Trust Fund</u>	<u>Clifton Gillespie Trust Fund</u>
RECEIPTS				
Taxes	\$	\$	\$	\$
Excess Fees				
Licenses and Permits				
Intergovernmental				
Miscellaneous		33,406		
Interest	170	24,170	14,192	68,496
Total Receipts	<u>170</u>	<u>57,576</u>	<u>14,192</u>	<u>68,496</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services		216,445		
Recreation and Culture	251,554			
Roads				
Debt Service				
Capital Projects				
Administration			6,990	33,753
Total Disbursements	<u>251,554</u>	<u>216,445</u>	<u>6,990</u>	<u>33,753</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(251,384)</u>	<u>(158,869)</u>	<u>7,202</u>	<u>34,743</u>
Other Adjustments to Cash (Uses)				
Gain (Loss) On Sale of Investment			34,127	90,052
Transfers From Other Funds	3,235,821	359,238		
Transfers To Other Funds			(19,676)	(114,176)
Total Other Adjustments to Cash (Uses)	<u>3,235,821</u>	<u>359,238</u>	<u>14,451</u>	<u>(24,124)</u>
Net Change in Fund Balance	2,984,437	200,369	21,653	10,619
Fund Balance - Beginning (Restated)		1,431,706	524,322	1,987,202
Fund Balance - Ending	<u>\$ 2,984,437</u>	<u>\$ 1,632,075</u>	<u>\$ 545,975</u>	<u>\$ 1,997,821</u>
Composition of Fund Balance				
Bank Balance	\$ 234,437	\$ 1,632,075	\$ 13,446	\$ 80,267
Financing Obligation Proceeds Held in Escrow				
Less: Outstanding Checks				
Certificates of Deposit	2,750,000		54,540	21,167
Investments			477,989	1,896,387
Fund Balance - Ending	<u>\$ 2,984,437</u>	<u>\$ 1,632,075</u>	<u>\$ 545,975</u>	<u>\$ 1,997,821</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, 2025
(Continued)

Private Purpose Trust Funds					
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	Education #2 Kennedy, Redmon, Goff Trust Fund
\$	\$	\$	\$	\$	\$
76,438	41,607	22,231	27,063	7,836	8,131
76,438	41,607	22,231	27,063	7,836	8,131
25,344	16,502	9,476	17,902	2,484	3,312
25,344	16,502	9,476	17,902	2,484	3,312
51,094	25,105	12,755	9,161	5,352	4,819
112,985	(9,154)	(1,825)	41,168	4,324	1,711
(95,637)	(51,840)	(27,729)	(31,162)	(9,201)	(9,817)
17,348	(60,994)	(29,554)	10,006	(4,877)	(8,106)
68,442	(35,889)	(16,799)	19,167	475	(3,287)
1,616,651	1,150,512	700,283	631,414	209,311	215,892
\$ 1,685,093	\$ 1,114,623	\$ 683,484	\$ 650,581	\$ 209,786	\$ 212,605
\$ 51,225	\$ 29,207	\$ 16,353	\$ 14,868	\$ 9,189	\$ 6,917
1,633,868	1,085,416	667,131	635,713	200,597	205,688
\$ 1,685,093	\$ 1,114,623	\$ 683,484	\$ 650,581	\$ 209,786	\$ 212,605

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, 2025
(Continued)

	<u>Private Purpose Trust Funds</u>		
	<u>Health and Welfare Trust Fund</u>	<u>Massie Memorial Trust Fund</u>	<u>Total Funds</u>
RECEIPTS			
Taxes	\$	\$	\$ 8,076,552
Excess Fees			1,403,772
Licenses and Permits			107,409
Intergovernmental			6,180,162
Miscellaneous			580,803
Interest	332	51	639,891
Total Receipts	<u>332</u>	<u>51</u>	<u>16,988,589</u>
DISBURSEMENTS			
General Government			3,399,669
Protection to Persons and Property			2,291,435
General Health and Sanitation			282,252
Social Services			470,144
Recreation and Culture			2,169,938
Roads			724,309
Debt Service			1,187,578
Capital Projects			30,293
Administration			3,800,347
Total Disbursements	<u></u>	<u></u>	<u>14,355,965</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>332</u>	<u>51</u>	<u>2,632,624</u>
Other Adjustments to Cash (Uses)			
Gain (Loss) On Sale of Investment			273,388
Transfers From Other Funds			4,095,059
Transfers To Other Funds			(4,095,059)
Total Other Adjustments to Cash (Uses)	<u></u>	<u></u>	<u>273,388</u>
Net Change in Fund Balance	332	51	2,906,012
Fund Balance - Beginning (Restated)	<u>14,226</u>	<u>25,392</u>	<u>16,916,965</u>
Fund Balance - Ending	<u>\$ 14,558</u>	<u>\$ 25,443</u>	<u>\$ 19,822,977</u>
Composition of Fund Balance			
Bank Balance	\$ 1,159	\$ 25,443	\$ 9,248,340
Financing Obligation Proceeds Held in Escrow			514,596
Less: Outstanding Checks			(261,736)
Certificates of Deposit	13,399		3,518,988
Investments			6,802,789
Fund Balance - Ending	<u>\$ 14,558</u>	<u>\$ 25,443</u>	<u>\$ 19,822,977</u>

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

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TO THE FINANCIAL STATEMENT**

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**BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2025

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.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

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 Permanent Storage Fees 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.

Eternal Flame Maintenance 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.

Phase I Fund - The primary purpose of this fund is to account for money received for the tobacco settlement. The primary sources of receipts for this fund are from the settlement.

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 source of receipts for this fund are grants from the federal government.

Opioid Court 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.

Millersburg Road Park Project Fund - The primary purpose of this fund is to account for Millersburg Road Park project receipts and related disbursements. The primary source of receipts for this fund are from the state.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Educational Trust Fund Checking - The primary purpose of this fund is to account for 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. The state local finance officer does not require the educational trust fund checking account to be budgeted.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(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.

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).

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(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.

H. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Bourbon County Fiscal Court: Bourbon County - Nicholas County Regional Jail Authority and Bourbon County – Nicholas County Joint Economic Development Board.

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 judge/executives 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 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's) *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 DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 2. Deposits and Investments

B. Investments

As of June 30, 2025, the fiscal court had the following investments and maturities:

I. Cash	<u>Cost</u>				
Money Market	\$	221,472			
Certificates of Deposit		<u>75,707</u>			
Total Cash	\$	<u>297,179</u>			
II. Investments	<u>Cost</u>				
Type	< 1 Year	1 - 5 Years	6-10 Years	11-20 Years	> 20 Years
Fixed Income Investments:					
Government Bonds	\$	\$ 502,025	\$	\$	\$ 74,187
Total	\$	<u>\$ 502,025</u>	\$	\$	<u>\$ 74,187</u>
	<u>Cost</u>				
Other Investments:					
Common Stock	\$	852,107			
Mutual Funds		<u>5,374,470</u>			
Total		6,226,577			
Total Investments		<u>6,802,789</u>			
Total Cash and Investments	\$	<u>7,099,968</u>			

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$75,707 of certificates of deposit and \$6,802,789 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$75,707 of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, 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:

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 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;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

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, 2025, the fiscal court has investments of less than 20 percent in these categories.

The fiscal court's rated investments, as of June 30, 2025, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings					Unrated/NA	Cost Basis
	Aaa	Aa1	Aa2	A3	Baa2		
Investments:							
Government Bonds	\$ 99,658	\$ 173,499	\$ 103,774	\$ 98,469	\$ 100,812	\$	\$ 576,212
Common Stock						852,107	852,107
Mutual Funds						5,374,470	5,374,470
Total Investments	<u>\$ 99,658</u>	<u>\$ 173,499</u>	<u>\$ 103,774</u>	<u>\$ 98,469</u>	<u>\$ 100,812</u>	<u>\$6,226,577</u>	<u>6,802,789</u>

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, 2025
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2025.

	General Fund	Local Government Economic Assistance Fund	Millersburg Road Park Project Fund	Educational Trust Fund Checking	Total Transfers Out
General Fund	\$	\$ 250,000	\$ 3,235,821	\$	\$ 3,485,821
LGEA Fund	250,000				250,000
Talbott Clay Trust Fund				19,676	19,676
Clifton Gillespie Trust Fund				114,176	114,176
John Marston Trust Fund				95,637	95,637
Robert Meteer Trust Fund				51,840	51,840
Lucy Anderson Trust Fund				27,729	27,729
Howard Forquer Trust Fund				31,162	31,162
Education #1 Trust Fund				9,201	9,201
Education #2 Trust Fund				9,817	9,817
Total Transfers In	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 3,235,821</u>	<u>\$ 359,238</u>	<u>\$ 4,095,059</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.

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, 2025, was \$545,975.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 4. Private Purpose Trust Funds (Continued)

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, 2025, was \$1,997,821.

John Marston Educational 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 Educational Trust Fund as of June 30, 2025, was \$1,685,093.

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, 2025, was \$1,114,623.

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, 2025, was \$683,484.

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, 2025, was \$650,581.

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, 2025, was \$209,786.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 4. Private Purpose Trust Funds (Continued)

Educational #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, 2025, was \$212,605.

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, 2025, was \$14,558.

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, 2025, was \$25,443.

Note 5. Commitments – Lease Agreements

A. Leases – Lessor

The Bourbon County Fiscal Court was committed to the following lease agreements as lessor as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Farmer's Market	5/1/2021	Yearly	Yearly	Infinite	\$ 1	\$ 0
Office Space	2/23/2021	Yearly	Monthly	Infinite	\$ 500	\$ 0
Property	9/28/2023	30 Years	Yearly	9/28/2053	\$ 750	\$ 21,000

B. Leases – Lessee

The Bourbon County Fiscal Court was committed to the following lease agreements as lessee as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Copier	7/22/2022	63 months	Monthly	10/22/2027	\$ 330	\$ 9,254
Telephones	3/12/2021	5 years	Monthly	3/12/2026	\$ 1,578	\$ 14,202

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Park and Land Lease

On March 10, 2020, the Bourbon County Fiscal Court issues \$2,750,00 of revenue bonds 2020 series A, for the purpose of developing park land. The following events are considered 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.

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, 2025, the outstanding principal balance was \$2,225,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2026	\$ 120,000	\$ 60,685
2027	125,000	55,485
2028	130,000	50,073
2029	135,000	44,447
2030	140,000	40,010
2031-2035	740,000	151,388
2036-2040	<u>835,000</u>	<u>60,695</u>
Totals	<u>\$ 2,225,000</u>	<u>\$ 462,783</u>

2. 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. 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, 2025, the principal outstanding balance was \$206,326. Lease payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2026	\$ 79,538	\$ 10,294
2027	83,495	5,854
2028	<u>43,293</u>	<u>1,194</u>
Totals	<u>\$ 206,326</u>	<u>\$ 17,342</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Park Development Project

Bourbon County entered into a \$2,670,000 lease agreement on September 28, 2023, with the 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 \$2,585,000 as of June 30, 2025. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 90,000	\$ 125,684
2027	95,000	120,699
2028	100,000	115,444
2029	105,000	109,919
2030	110,000	104,124
2031-2035	655,000	421,604
2036-2040	830,000	241,038
2041-2043	600,000	46,380
Totals	<u>\$ 2,585,000</u>	<u>\$ 1,284,892</u>

B. Other Debt

1. General Obligation Refunding and Improvement Bonds, Series 2016 (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, the, 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 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, 2025, the outstanding principal balance was \$4,485,000. Future principal and interest requirements are:

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 6. Long-term Debt

B. Other Debt (Continued)

1. General Obligation Refunding and Improvement Bonds, Series 2016 (Jail Expansion Project)
(Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2026	\$ 440,000	\$ 138,950
2027	460,000	121,350
2028	355,000	107,550
2029	365,000	96,900
2030	375,000	85,950
2031-2035	2,045,000	254,550
2036	<u>445,000</u>	<u>13,350</u>
Totals	<u>\$ 4,485,000</u>	<u>\$ 818,600</u>

2. General Obligation 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 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 due on December 1 and June 1. The bonds mature on June 1, 2036. As of June 30, 2025, the outstanding principal balance was \$1,165,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2026	\$ 90,000	\$ 36,700
2027	95,000	34,000
2028	95,000	31,150
2029	100,000	28,300
2030	100,000	25,300
2031-2035	560,000	77,175
2036	<u>125,000</u>	<u>4,219</u>
Totals	<u>\$ 1,165,000</u>	<u>\$ 236,844</u>

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 5,292,096	\$	\$ 275,770	\$ 5,016,326	\$ 289,538
General Obligation Bonds	6,160,000		510,000	5,650,000	530,000
Total Long-term Debt	<u>\$ 11,452,096</u>	<u>\$ 0</u>	<u>\$ 785,770</u>	<u>\$ 10,666,326</u>	<u>\$ 819,538</u>

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 530,000	\$ 175,650	\$ 289,538	\$ 196,663
2027	555,000	155,350	303,495	182,038
2028	450,000	138,700	273,293	166,711
2029	465,000	125,200	240,000	154,366
2030	475,000	111,250	250,000	144,134
2031-2035	2,605,000	331,725	1,395,000	572,992
2036-2040	570,000	17,569	1,665,000	301,733
2041-2043			600,000	46,380
Totals	<u>\$ 5,650,000</u>	<u>\$ 1,055,444</u>	<u>\$ 5,016,326</u>	<u>\$ 1,765,017</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 make \$100,000 payments until the \$1,000,000 is paid in full. During the fiscal year, the county made one payment of \$100,000 bringing the total amount paid \$900,000. As of June 30, 2025, Bourbon County's remaining commitment is \$100,000.

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(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). 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 Kentucky Retirement Systems (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 2023 was \$1,002,250, FY 2024 was \$917,685, and FY 2025 was \$959,416.

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 be allocated to CERS's share of assets in the Ky. Ret. Sys. Insurance trust 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 CERS Board of Trustees 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 19.71%.

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 be allocated to CERS's share of assets in the Ky. Ret. Sys. Insurance trust 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, 2025
(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 Trustees 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 38.61%.

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%

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, 2025
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

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

C. 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.

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%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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

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

F. Death Benefit

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

BOURBON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 8. Employee Retirement System (Continued)

G. Annual Financial Report and Proportionate Share Audit Report

KPPA 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. Some reports may also be obtained online at <https://kyret.ky.gov>.

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 \$4,318 as of June 30, 2025.

Note 11. Insurance

For the fiscal year ended June 30, 2025, 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, 2025
(Continued)

Note 12. Prior Period Adjustments

The beginning balance of the General Fund was increased \$88,186, to account for voided prior year outstanding checks of \$460 and from the restatement of financing obligations held in escrow of \$87,726. The beginning balances of the Road and Phase I Funds were increased by \$135 and \$5,108, respectively, to account for voided prior year outstanding checks. The Educational Trust Fund Checking was increased by \$216 to account for previously omitted funds.

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 7,284,000	\$ 7,284,000	\$ 8,076,552	\$ 792,552
Excess Fees	1,354,677	2,008,881	1,403,772	(605,109)
Licenses and Permits	100,000	100,000	107,409	7,409
Intergovernmental	4,530,562	2,312,372	4,173,434	1,861,062
Miscellaneous	270,364	270,364	414,034	143,670
Interest	30,000	30,000	71,352	41,352
Total Receipts	13,569,603	12,005,617	14,246,553	2,240,936
DISBURSEMENTS				
General Government	3,530,464	4,294,907	3,399,669	895,238
Protection to Persons and Property	2,194,690	2,204,717	2,114,350	90,367
General Health and Sanitation	271,000	281,060	261,206	19,854
Social Services	281,956	282,758	253,699	29,059
Recreation and Culture	5,322,249	2,324,942	1,918,384	406,558
Debt Service	1,191,516	1,191,516	1,187,578	3,938
Capital Projects	25,000	25,000	24,569	431
Administration	3,200,283	3,848,272	2,464,688	1,383,584
Total Disbursements	16,017,158	14,453,172	11,624,143	2,829,029
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,447,555)	(2,447,555)	2,622,410	5,069,965
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	1,606,640	1,606,640		(1,606,640)
Transfers From Other Funds			250,000	250,000
Transfers To Other Funds			(3,485,821)	(3,485,821)
Total Other Adjustments to Cash (Uses)	1,606,640	1,606,640	(3,235,821)	(4,842,461)
Net Change in Fund Balance	(840,915)	(840,915)	(613,411)	227,504
Fund Balance - Beginning (Restated)	840,915	840,915	2,503,894	1,662,979
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,890,483	\$ 1,890,483

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,406,980	\$ 1,406,980	\$ 1,346,326	\$ (60,654)
Miscellaneous	21,000	21,000	24,622	3,622
Interest	8,000	8,000	9,580	1,580
Total Receipts	<u>1,435,980</u>	<u>1,435,980</u>	<u>1,380,528</u>	<u>(55,452)</u>
DISBURSEMENTS				
General Health and Sanitation	24,910	24,910	21,046	3,864
Roads	905,598	902,439	724,309	178,130
Capital Projects	134,000	139,725	5,724	134,001
Administration	<u>521,475</u>	<u>518,909</u>	<u>374,182</u>	<u>144,727</u>
Total Disbursements	<u>1,585,983</u>	<u>1,585,983</u>	<u>1,125,261</u>	<u>460,722</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(150,003)</u>	<u>(150,003)</u>	<u>255,267</u>	<u>405,270</u>
Net Change in Fund Balance	(150,003)	(150,003)	255,267	405,270
Fund Balance - Beginning (Restated)	<u>150,003</u>	<u>150,003</u>	<u>233,759</u>	<u>83,756</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 489,026</u>	<u>\$ 489,026</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 173,600	\$ 173,600	\$ 189,173	\$ 15,573
Miscellaneous	5,000	5,000		(5,000)
Interest	5,000	5,000	7,561	2,561
Total Receipts	183,600	183,600	196,734	13,134
DISBURSEMENTS				
Protection to Persons and Property	151,301	151,301	85,672	65,629
Administration	612,299	612,299	160,226	452,073
Total Disbursements	763,600	763,600	245,898	517,702
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(580,000)	(580,000)	(49,164)	530,836
Net Change in Fund Balance	(580,000)	(580,000)	(49,164)	530,836
Fund Balance - Beginning	580,000	580,000	535,655	(44,345)
Fund Balance - Ending	\$ 0	\$ 0	\$ 486,491	\$ 486,491

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 169,229	\$ 44,229
Interest	3,000	3,000	3,972	972
Total Receipts	128,000	128,000	173,201	45,201
DISBURSEMENTS				
Protection to Persons and Property	92,000	92,182	91,413	769
Administration	351,000	350,818	23,270	327,548
Total Disbursements	443,000	443,000	114,683	328,317
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(315,000)	(315,000)	58,518	373,518
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			250,000	250,000
Transfers To Other Funds			(250,000)	(250,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(315,000)	(315,000)	58,518	373,518
Fund Balance - Beginning	315,000	315,000	355,309	40,309
Fund Balance - Ending	\$ 0	\$ 0	\$ 413,827	\$ 413,827

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

FEDERAL GRANTS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 10,200	\$ 10,200	\$ 19,785	\$ 9,585
Total Receipts	10,200	10,200	19,785	9,585
DISBURSEMENTS				
Administration	484,200	484,200	18,500	465,700
Total Disbursements	484,200	484,200	18,500	465,700
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(474,000)	(474,000)	1,285	475,285
Net Change in Fund Balance	(474,000)	(474,000)	1,285	475,285
Fund Balance - Beginning	474,000	474,000	474,182	182
Fund Balance - Ending	\$ 0	\$ 0	\$ 475,467	\$ 475,467

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

COUNTY CLERK PERMANENT STORAGE FEES FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 34,000	\$ 34,000	\$ 34,330	\$ 330
Interest	100	100	2,098	1,998
Total Receipts	34,100	34,100	36,428	2,328
DISBURSEMENTS				
Administration	96,700	96,700	17,532	79,168
Total Disbursements	96,700	96,700	17,532	79,168
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(62,600)	(62,600)	18,896	81,496
Net Change in Fund Balance	(62,600)	(62,600)	18,896	81,496
Fund Balance - Beginning	62,600	62,600	68,670	6,070
Fund Balance - Ending	\$ 0	\$ 0	\$ 87,566	\$ 87,566

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

ETERNAL FLAME MAINTENANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 2,000	\$ 4,345	\$ 2,500	\$ (1,845)
Total Receipts	2,000	4,345	2,565	(1,780)
DISBURSEMENTS				
Administration	3,500	5,845	5,628	217
Total Disbursements	3,500	5,845	5,628	217
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,500)	(1,500)	(3,063)	(1,563)
Net Change in Fund Balance	(1,500)	(1,500)	(3,063)	(1,563)
Fund Balance - Beginning	1,500	1,500	3,345	1,845
Fund Balance - Ending	\$ 0	\$ 0	\$ 282	\$ 282

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

PHASE I FUND				
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 400,000	\$ 302,000	\$ 302,000	\$
Interest	1,000	1,000	1,832	832
Total Receipts	401,000	303,000	303,832	832
DISBURSEMENTS				
Administration	401,000	303,000	302,000	1,000
Total Disbursements	401,000	303,000	302,000	1,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,832	1,832
Net Change in Fund Balance			1,832	1,832
Fund Balance - Beginning (Restated)			9,027	9,027
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,859</u>	<u>\$ 10,859</u>

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 30,000	\$ 30,000	\$ 232,503	\$ 202,503
Total Receipts	30,000	30,000	232,503	202,503
DISBURSEMENTS				
Administration	4,051,218	4,051,218	318,528	3,732,690
Total Disbursements	4,051,218	4,051,218	318,528	3,732,690
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,021,218)	(4,021,218)	(86,025)	3,935,193
Net Change in Fund Balance	(4,021,218)	(4,021,218)	(86,025)	3,935,193
Fund Balance - Beginning	4,021,218	4,021,218	4,026,370	5,152
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,940,345	\$ 3,940,345

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

OPIOID COURT SETTLEMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 12,000	\$ 12,000	\$ 71,911	\$ 59,911
Interest	250	250	426	176
Total Receipts	12,250	12,250	72,337	60,087
DISBURSEMENTS				
General Health and Sanitation	31,712	31,712		31,712
Administration	105,438	105,438	30	105,408
Total Disbursements	137,150	137,150	30	137,120
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(124,900)	(124,900)	72,307	197,207
Net Change in Fund Balance	(124,900)	(124,900)	72,307	197,207
Fund Balance - Beginning	124,900	124,900	199,843	74,943
Fund Balance - Ending	\$ 0	\$ 0	\$ 272,150	\$ 272,150

BOURBON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

MILLERSBURG ROAD PARK PROJECT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 3,000,000	\$	\$ (3,000,000)
Interest			170	170
Total Receipts		3,000,000	170	(2,999,830)
DISBURSEMENTS				
Recreation and Culture		3,000,000	251,554	2,748,446
Total Disbursements		3,000,000	251,554	2,748,446
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(251,384)	(251,384)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			3,235,821	3,235,821
Total Other Adjustments to Cash (Uses)			3,235,821	3,235,821
Net Change in Fund Balance			2,984,437	2,984,437
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,984,437	\$ 2,984,437

BOURBON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

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, 2025

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BOURBON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land	\$ 2,568,059	\$ 2,640,000	\$	\$ 5,208,059
Buildings and Improvements	19,381,146			19,381,146
Vehicles and Equipment	2,371,217	707,438	209,490	2,869,165
Other Equipment	1,996,992			1,996,992
Infrastructure	10,902,362			10,902,362
 Total Capital Assets	 <u>\$ 37,219,776</u>	 <u>\$ 3,347,438</u>	 <u>\$ 209,490</u>	 <u>\$ 40,357,724</u>

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

June 30, 2025

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	10 - 60
Buildings and Building Improvements	\$ 25,000	10 - 75
Vehicles and Equipment	\$ 2,500	3 - 25
Other Equipment	\$ 2,500	3 - 25
Infrastructure	\$ 25,000	10 - 50

Note 2. Prior Period Restatement

The beginning balance of vehicles and equipment was restated and increased by \$51,172. This is due to removing a vehicle that had been listed twice in the amount of \$45,618 and adding two vehicles that had previously been omitted totaling \$96,790.

**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, 2025, 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 December 18, 2025.

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 certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002 to be material weaknesses.



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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002.

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

December 18, 2025

**BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2025

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**BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2025

2025-001 The Bourbon County Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated

Condition and Context

The fiscal court's fourth quarter financial report submitted to the Department for Local Government (DLG), which serves as the fiscal court's year-end financial statement, was materially misstated. The General Fund prior year carryover was understated by \$2,191,122, with \$1,501,624 posted as bond revenue. General Fund receipts of \$60,919 were omitted from the financial statement. General Fund transfers out were understated by \$235,821. The Millersburg Road Park Project Fund receipts were overstated by \$235,821 and transfers in were understated \$235,821.

Cause

This was due to the county recording reimbursements for financing obligation proceeds held in escrow that were previously recorded in the prior year audit and not including the balance of financing obligation proceeds held in escrow in the beginning fund balance.

Effect

As a result, material nonoperating receipts were materially misstated. Inaccurate financial reporting is problematic because the fiscal court relies on financial data presented to them to be complete and accurate in order to make prudent financial decisions on behalf of the county and taxpayers. Furthermore, external organizations such as DLG may use and rely on financial information reported by the fiscal court. Accurate financial reporting should be a priority.

Criteria

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 20th day following the close of each quarter. The uniform system of accounts has specific requirements on how to record various types of transactions for different funds and fund types. The most basic requirement of the uniform system of accounts is that all transactions are recorded and classified correctly.

Recommendations

We recommend the county treasurer ensure all transactions are posted to the ledgers, as well as ensure that receipts and disbursements are categorized correctly to prevent necessary adjustments. In addition, we recommend the fiscal court establish adequate internal controls, oversight, and review procedures to ensure that all financial data is completely and accurately recorded and reported.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: We will review all quarterly financial reports for errors and correct before submitting.

BOURBON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2025
(Continued)

2025-002 The Bourbon County Fiscal Court Does Not Have Adequate Procedures For Reporting Couty Liabilities

Condition and Context

The Bourbon County Fiscal Court's fourth quarter financial report submitted to the DLG materially understated the fiscal court's outstanding debt. Debt principal was understated by \$237,425 and interest owed on debt by was understated by \$208,238.

Cause

This was due to the treasurer deducting payments twice when reviewing the county's debt schedules.

Effect

This resulted in the misstatement of county liabilities, making it difficult for management and other end users of the financial statement to determine the county's outstanding debt balances.

Criteria

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to report all liabilities of the county, even when related to unbudgeted funds. The fiscal court should have control procedures to ensure that all liabilities held at fiscal year-end are reported on the liabilities schedule and have accurate ending balances.

Recommendations

We recommend the county improve procedures to ensure proper reporting of all county liabilities on the financial statement.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: We will develop a procedure for double checks on liability ledger postings.

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

BOURBON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

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, reading "Michael R. Williams", written over a horizontal line.

County Judge/Executive

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

County Treasurer