

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

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



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

Independent Auditor's Report

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin 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 Gallatin County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Gallatin 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 Gallatin County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Gallatin County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

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



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Gallatin 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***

Gallatin 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 Gallatin 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 Gallatin County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin County Fiscal Court

***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 Gallatin 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 Gallatin County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the 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 and Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

***Other Information***

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
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The Honorable Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2026, on our consideration of the Gallatin 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 Gallatin County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Gallatin County Fiscal Court Does Not Have Adequate Controls Over Disbursements
- 2024-002 The Gallatin County Fiscal Court Did Not Deposit Occupational Tax Checks Timely
- 2024-003 The Gallatin County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Materially Misstated

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

January 14, 2026

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

Ryan Morris	County Judge/Executive
M.J. Haddix	Magistrate
Ethan Moore	Magistrate
Joe Shinkle	Magistrate
Donnie Sullivan	Magistrate

**Other Elected Officials:**

Grant Axon	County Attorney
Paula Giles	Jailer
Christina McEntire	County Clerk
Tammy Trimble	Circuit Court Clerk
Robert "Bud" Webster	Sheriff
Sheryl L. Jones	Property Valuation Administrator
Kenneth Lafferty	Coroner

**Appointed Personnel:**

Lesa Bullard	County Treasurer & Occupational Tax Administrator
Madi Pelfrey	Chief Financial Officer

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

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

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

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

	<b>Budgeted Funds</b>				
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Grants Fund</b>
<b>RECEIPTS</b>					
Taxes	\$ 3,161,124	\$	\$	\$	\$
In Lieu Tax Payments	539,810				
Excess Fees	122,336				
Licenses and Permits	71,060				
Intergovernmental	250,811	1,136,584	89,789	444,834	2,410,794
Charges for Services		31,280	3,618		
Miscellaneous	159,656	321,467	742	97,350	
Interest	17,695	11,852	629	11,599	
Total Receipts	<u>4,322,492</u>	<u>1,501,183</u>	<u>94,778</u>	<u>553,783</u>	<u>2,410,794</u>
<b>DISBURSEMENTS</b>					
General Government	1,333,152				
Protection to Persons and Property	162,215		704,239		
General Health and Sanitation	102,241			2,037	
Social Services	144,913			10,000	
Recreation and Culture	47,092			298,840	
Roads		1,165,926			
Airports					2,371,473
Debt Service		167,912		171,008	
Capital Projects					30,825
Administration	1,363,568	87,268	38,400	18,871	
Total Disbursements	<u>3,153,181</u>	<u>1,421,106</u>	<u>742,639</u>	<u>500,756</u>	<u>2,402,298</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,169,311</u>	<u>80,077</u>	<u>(647,861)</u>	<u>53,027</u>	<u>8,496</u>
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds			637,000		6,000
Transfers To Other Funds	(1,458,900)				(6,000)
Total Other Adjustments to Cash (Uses)	<u>(1,458,900)</u>		<u>637,000</u>		
Net Change in Fund Balance	(289,589)	80,077	(10,861)	53,027	8,496
Fund Balance - Beginning (Restated)	<u>852,394</u>	<u>288,044</u>	<u>16,778</u>	<u>461,930</u>	<u>148</u>
Fund Balance - Ending	<u>\$ 562,805</u>	<u>\$ 368,121</u>	<u>\$ 5,917</u>	<u>\$ 514,957</u>	<u>\$ 8,644</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 476,737	\$ 365,392	\$ 5,917	\$ 515,284	\$ 8,644
Less: Outstanding Checks	(42,654)	(229)		(327)	
Certificates of Deposit	128,722	2,958			
Investments					
Fund Balance - Ending	<u>\$ 562,805</u>	<u>\$ 368,121</u>	<u>\$ 5,917</u>	<u>\$ 514,957</u>	<u>\$ 8,644</u>

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

**GALLATIN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Ambulance Fund</b>	<b>Airport Fund</b>	<b>Sewer Fund</b>	<b>Economic Assistance Fund</b>	<b>911 Fund</b>	<b>911 Wireless Fund</b>	<b>Tourism Fund</b>
\$	\$	\$	\$	\$ 22,064	\$	\$ 41,488
					156,612	4,838
476,330		49,103				
15,340	672,273					9,153
871	8,256	2,934	306	275	181	1,111
<u>492,541</u>	<u>680,529</u>	<u>52,037</u>	<u>306</u>	<u>22,339</u>	<u>156,793</u>	<u>56,590</u>
949,421				255,405	10,689	
		39,273				86,968
	660,124					
						13,895
211,946				54,520		
<u>1,161,367</u>	<u>660,124</u>	<u>39,273</u>		<u>309,925</u>	<u>10,689</u>	<u>100,863</u>
(668,826)	20,405	12,764	306	(287,586)	146,104	(44,273)
689,900	26,000			289,000		
	(6,000)		(20,000)		(157,000)	
<u>689,900</u>	<u>20,000</u>		<u>(20,000)</u>	<u>289,000</u>	<u>(157,000)</u>	
21,074	40,405	12,764	(19,694)	1,414	(10,896)	(44,273)
61,929	450,012	162,508	223,222	19,450	15,891	75,690
<u>\$ 83,003</u>	<u>\$ 490,417</u>	<u>\$ 175,272</u>	<u>\$ 203,528</u>	<u>\$ 20,864</u>	<u>\$ 4,995</u>	<u>\$ 31,417</u>
\$ 54,164	\$ 490,417	\$ 175,728	\$ 203,528	\$ 21,269	\$ 4,995	\$ 31,491
(2,832)		(456)		(405)		(74)
31,671						
<u>\$ 83,003</u>	<u>\$ 490,417</u>	<u>\$ 175,272</u>	<u>\$ 203,528</u>	<u>\$ 20,864</u>	<u>\$ 4,995</u>	<u>\$ 31,417</u>

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

**GALLATIN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2024**  
**(Continued)**

	<u>Budgeted Funds</u>				<u>Total Funds</u>
	<u>American Rescue Plan Act Fund</u>	<u>Opioid Fund</u>	<u>County Clerk Fees Storage Fee Fund</u>	<u>AOC Fund</u>	
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 3,224,676
In Lieu Tax Payments					539,810
Excess Fees					122,336
Licenses and Permits					71,060
Intergovernmental	50,000			245,719	4,789,981
Charges for Services					560,331
Miscellaneous		110,164	12,690		1,398,835
Interest	38,658	5,010	48	220	99,645
Total Receipts	<u>88,658</u>	<u>115,174</u>	<u>12,738</u>	<u>245,939</u>	<u>10,806,674</u>
<b>DISBURSEMENTS</b>					
General Government			2,185	8,609	1,343,946
Protection to Persons and Property					2,081,969
General Health and Sanitation					143,551
Social Services					154,913
Recreation and Culture					432,900
Roads					1,165,926
Airports					3,031,597
Debt Service				228,850	567,770
Capital Projects	128,902				173,622
Administration		176			1,774,749
Total Disbursements	<u>128,902</u>	<u>176</u>	<u>2,185</u>	<u>237,459</u>	<u>10,870,943</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(40,244)</u>	<u>114,998</u>	<u>10,553</u>	<u>8,480</u>	<u>(64,269)</u>
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds					1,647,900
Transfers To Other Funds					(1,647,900)
Total Other Adjustments to Cash (Uses)					
Net Change in Fund Balance	(40,244)	114,998	10,553	8,480	(64,269)
Fund Balance - Beginning (Restated)	1,294,699	104,987	13,221	140,050	4,180,953
Fund Balance - Ending	<u>\$ 1,254,455</u>	<u>\$ 219,985</u>	<u>\$ 23,774</u>	<u>\$ 148,530</u>	<u>\$ 4,116,684</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 413,512	\$ 219,985	\$ 23,774	\$ 148,530	\$ 3,159,367
Less: Outstanding Checks					(46,977)
Certificates of Deposit					163,351
Investments	840,943				840,943
Fund Balance - Ending	<u>\$ 1,254,455</u>	<u>\$ 219,985</u>	<u>\$ 23,774</u>	<u>\$ 148,530</u>	<u>\$ 4,116,684</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**GALLATIN COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

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

**Budgeted Funds (Continued)**

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

Grants Fund - The primary purpose of this fund is to account for grant monies received from the state and federal agencies. The funds may be used for completing major projects or for specific operating expenses.

Ambulance Fund - The primary purpose of this fund is to account for ambulance services provided to the residents of Gallatin County. The primary source of receipts comes from ambulance services.

Airport Fund - The primary purpose of this fund is to account for funds related to airport board operations.

Sewer Fund - The primary purpose of this fund is to account for sewer board operations.

Economic Assistance Fund - The primary purpose of this fund is a result of repayment of grant proceeds due to a company not meeting grant requirements. The Cabinet for Economic Development requires these funds to be used for economic development purposes that have prior approval of the cabinet.

911 Fund - The purpose of this fund is to account for Emergency 911 receipts and disbursements. The sole source of receipts for this fund is telephone tax.

911 Wireless Fund - The purpose of this fund is to account for wireless 911 cellular receipts and disbursements. The sole source of receipts for this fund is 911 wireless receipts.

Tourism Fund - The purpose of this fund is to account for tourism related expenses. The main source of receipts is transient room tax.

American Rescue Plan Act Fund (ARPA) - The purpose of this fund is to account for federal expenditures related to COVID-19 federal grant. The main source of receipts is a federal grant.

Opioid Fund - The primary purpose of this fund is to account for expenses related to opioid prevention activities. The primary source of receipts for this fund is the monies from the opioid settlement.

Clerk Storage Fees Fund - The primary purpose of this fund is to account for the expenses related to the county clerk's storage costs. The primary source of receipts for this fund is the monies from consumers for storage fees paid.

AOC Fund - The purpose of this fund is to account for courthouse related expenses. The sole source of the receipts is the Administrative Office of the Courts (AOC).

**GALLATIN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2024**  
**(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. Gallatin County Elected Officials**

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

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

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

**G. Long-term Obligations**

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

**Note 2. Deposits and Investments**

**A. Deposits**

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

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**B. Investments**

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

Type	Cost Basis	Maturities (In Years)	
		Less Than 1	
Investments:			
U.S. Money Market Account	\$ 840,943	\$	840,943
Total Investments	\$ 840,943	\$	840,943
Total Fund Balance	\$ 840,943	\$	840,943

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

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

**B. Investments (Continued)**

**Custodial Credit Risk** is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$163,351 of certificates of deposit and \$840,943 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$163,351 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:

- 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);

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

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

**B. Investments (Continued)**

- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
  - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
  - b. The management company of the investment company shall have been in operation for at least five years; and
  - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
  - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
  - b. Have a standard maturity of no more than ten years; and
  - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2024, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2024, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

**Credit Risk Table**

Type	Standard & Poor's/Moody's Credit Ratings	
	AAA/Aaa	Cost Basis
Investments:		
U.S. Money Market Account	\$ 840,943	\$ 840,943
Total Investments	840,943	840,943
Total Fund Balance	\$ 840,943	\$ 840,943

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

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

**B. Investments (Continued)**

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk, which are zero percent (0%) of the fiscal court's investments. One hundred percent (100%) of the fiscal court's total investments are comprised of securities from the United States Treasury. All of these investments are reported in the fiscal court's American Rescue Plan Act Fund.

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

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

**Note 3. Transfers**

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

	General Fund	911 Wireless Fund	Airport Fund	Economic Development Fund	Grant Fund	Total Transfers In
Jail Fund	\$ 637,000	\$	\$	\$	\$	\$ 637,000
Ambulance Fund	689,900					689,900
911 Fund	132,000	157,000				289,000
Airport Fund					6,000	6,000
Grant Fund			6,000	20,000		26,000
Total Transfers Out	<u>\$ 1,458,900</u>	<u>\$ 157,000</u>	<u>\$ 6,000</u>	<u>\$ 20,000</u>	<u>\$ 6,000</u>	<u>\$ 1,647,900</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.

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

**Note 4. Leases**

**1. County Judge/Executive's Office Copier**

On January 25, 2021, Gallatin County entered into a five-year lease agreement as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$2,700 during the current year, which is the monthly base payment of \$225 plus charges for use of color or black and white printing. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$4,275.

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 2,700	\$
2026	1,575	
Total Minimum Lease Payments	<u>\$ 4,275</u>	<u>\$ 0</u>

**2. County Clerk Office Space**

On July 7, 2022, Gallatin County entered into a four-year lease agreement as lessee for the use of office space for the County Clerk's office. An initial lease liability was recorded in the amount of \$12,000, during the current fiscal year, which is the annual payment due. As of June 30, 2024, the value of the lease has been satisfied. The lease value of the outstanding payments is \$24,000.

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 12,000	\$
2026	12,000	
Total Minimum Lease Payments	<u>\$ 24,000</u>	<u>\$ 0</u>

**Note 5. Long-Term Debt**

**A. Direct Borrowings**

**1. Courthouse Renovations**

**i. Courthouse Renovations #1**

On June 30, 2006, the Gallatin County Fiscal Court entered into a 20-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$2,498,784 in order to finance the renovations of the Gallatin County Courthouse. The courthouse will be subleased to the Administrative Office of the Courts (AOC) of the Commonwealth of Kentucky for use as court facilities.

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

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

**A. Direct Borrowings (Continued)**

**1. Courthouse Renovations (Continued)**

**i. Courthouse Renovations #1 (Continued)**

Under the sublease agreement, the financing obligation payments of the county are to be paid directly to the trustee by AOC, and the fiscal court is obligated to provide operation, maintenance, insurance, and repair of the project. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Interest is paid on a monthly basis, and principal payments are paid on a semi-annual basis until termination of the lease on November 20, 2026. As of June 30, 2024, the principal amount outstanding was \$558,659.

The rate in the lease was fixed at 4.49 percent through the use of an interest rate swap between the trustee and a third-party financial institution. The trustee has the right to charge any costs associated with the interest rate swap to the fiscal court through additional future rentals.

Principal payment requirements and scheduled interest for the remaining term of the agreement, excluding any additional rentals resulting from the interest rate swap, are as follows:

Fiscal Year Ended	Principal	Interest
June 30		
2025	\$ 175,648	\$ 23,352
2026	184,914	14,086
2027	198,097	903
Totals	<u>\$ 558,659</u>	<u>\$ 38,341</u>

**ii. Courthouse Renovations #2**

On June 28, 2007, the Gallatin County Fiscal Court entered into a 20-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$375,808 in order to further finance the renovations of the Gallatin County Courthouse. As above, the courthouse will be subleased to AOC for use as court facilities. Under the sublease agreement, the financing obligation payments of the county are to be paid directly to the trustee by AOC and the fiscal court is obligated to provide operation, maintenance, insurance, and repair of the project. Interest is paid on a monthly basis, and principal payments are paid on a semi-annual basis until termination of the lease on May 20, 2027. The rate in the lease was fixed at 5.157 percent through the use of an interest rate swap between the trustee and a third-party financial institution. The trustee has the right to charge any costs associated with the interest rate swap to the fiscal court through additional future rentals. As of June 30, 2024, the principal amount outstanding was \$83,177.

In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment.

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

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

**B. Direct Borrowings (Continued)**

**1. Courthouse Renovations (Continued)**

**ii. Courthouse Renovations #2 (Continued)**

Principal payment requirements and scheduled interest for the remaining term of the agreement, excluding any additional rentals resulting from the interest rate swap, are as follows:

Fiscal Year Ended	Principal	Interest
June 30		
2025	\$ 26,302	\$ 3,548
2026	27,665	2,185
2027	29,210	640
Totals	<u>\$ 83,177</u>	<u>6,373</u>

**iii. Courthouse Renovations Agreement**

On July 10, 2001, the Gallatin County Fiscal Court entered into a lease agreement with AOC, which states that AOC agrees to pay 100 percent of the debt service requirements. The lease does not require the fiscal court to make any rental payments toward the project; however, the fiscal court is obligated to provide operation, maintenance, insurance, and repair of the project.

The lease is secured by a security interest in any and all right, title, and interest of the county in the courthouse that constitute personal property, and in all additions, attachments, accessions, and substitutions thereto, and any proceeds there from.

**2. Land-County Park and Fairgrounds**

On September 15, 2005, the Gallatin County Fiscal Court entered into a 20-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$820,000 at a variable interest rate in order to finance the acquisition of 155 acres of land for a county park and fairgrounds. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Interest is paid on a monthly basis and a principal payment is made annually until termination of the lease. This debt was paid in full on May 16, 2024.

**3. Mars Road**

On May 27, 2004, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$370,000 at a variable interest rate in order to finance the improvements of Mars Road so that it may be a part of the county road system. Payments of this debt are to be made by the property owners located on Mars Road. Payments are collected by Gallatin County and distributed to KACoLT in order to meet the debt requirements. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Interest is paid on a monthly basis and a principal payment is made annually until termination of the lease on July 20, 2029. As of June 30, 2024, the principal amount outstanding was \$62,609.

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

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

**A. Direct Borrowings (Continued)**

**3. Mars Road (Continued)**

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 15,000	\$ 9,301
2026	15,000	3,452
2027	20,000	2,608
2028	10,000	6,714
2029	2,609	101
Totals	<u>\$ 62,609</u>	<u>\$ 22,176</u>

**4. Sugar Bay Road**

On May 27, 2004, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$160,000 at a variable interest rate in order to finance the improvements of Sugar Bay Road so that it may be a part of the county road system. Payments of this debt are to be made by the property owners located on Sugar Bay Road. Payments are collected by Gallatin County and distributed to KACoLT in order to meet the debt requirements. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Interest is paid on a monthly basis and a principal payment is made annually until termination of the lease on July 20, 2027. As of June 30, 2024, the principal amount outstanding was \$16,857.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 5,000	\$ 1,333
2026	5,000	6,049
2027	5,000	627
2028	1,857	
Totals	<u>\$ 16,857</u>	<u>\$ 8,009</u>

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

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

**A. Direct Borrowings (Continued)**

**5. Carver Farms Subdivision Roads**

On December 22, 2005, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$79,000 at a variable interest rate in order to finance the construction of roads in the Carver Farms Subdivision so that they may be a part of the county road system. Payments of this debt are to be made by the property owners located in the Carver Farms Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2030. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment.

As of June 30, 2024, the principal amount outstanding was \$19,888. Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 4,179	\$ 1,441
2026	4,441	1,260
2027	4,721	1,067
2028	5,019	863
2029	1,528	645
Totals	<u>\$ 19,888</u>	<u>\$ 5,276</u>

**6. Creekside Subdivision Roads**

On December 22, 2005, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$157,000 at a variable interest rate in order to finance the construction of roads in the Creekside Subdivision so that they may be a part of the county road system. Payments of this debt are to be made by the property owners located in the Creekside Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2030. As of June 30, 2024, the principal amount outstanding was \$21,402. Principal payment requirements and scheduled interest for the term of the agreement are as follows:

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

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

**A. Direct Borrowings (Continued)**

**6. Creekside Subdivision Roads (Continued)**

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 7,098	\$ 1,706
2026	7,549	1,396
2027	<u>6,755</u>	<u>1,069</u>
Totals	<u>\$ 21,402</u>	<u>\$ 4,171</u>

**7. Scenic View Road**

On September 4, 2007, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$138,283 at a variable rate of interest in order to finance the construction of roads in Scenic View Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Scenic View Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Principal and interest are paid on a monthly basis until termination of the lease on September 20, 2032. As of June 30, 2024, the principal amount outstanding was \$50,151.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 6,682	\$ 3,044
2026	7,101	2,757
2027	7,552	2,445
2028	8,027	2,121
2029	8,535	1,771
2030-2031	<u>12,254</u>	<u>2,410</u>
Totals	<u>\$ 50,151</u>	<u>\$ 14,548</u>

**8. Hillendale Road**

On November 30, 2012, the Gallatin County Fiscal Court entered into a 25-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$85,000 at a variable rate of interest in order to finance the construction of roads in Hillendale Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Hillendale Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements.

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

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

**A. Direct Borrowings (Continued)**

**8. Hillendale Road (Continued)**

In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2032. As of June 30, 2024, the principal amount outstanding was \$42,500. Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 5,000	\$ 1,804
2026	5,000	1,660
2027	5,000	1,510
2028	5,000	1,354
2029	5,000	1,191
2030-2033	17,500	2,905
Totals	<u>\$ 42,500</u>	<u>\$ 10,424</u>

**9. Napoleon Hills Subdivision Roads**

On October 22, 2015, the Gallatin County Fiscal Court entered into a 15-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$115,000 at a variable rate of interest in order to finance the construction of roads in Napoleon Hills Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Napoleon Hill Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2029. As of June 30, 2024, the principal amount outstanding was \$55,000.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 10,000	\$ 1,725
2026	10,000	1,425
2027	10,000	1,125
2028	10,000	813
2029	10,000	488
2030	5,000	163
Totals	<u>\$ 55,000</u>	<u>\$ 5,739</u>

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

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

**A. Direct Borrowings (Continued)**

**10. Fogg Road**

On October 22, 2015, the Gallatin County Fiscal Court entered into a 15-year lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$180,000 at a variable rate of interest in order to finance the construction of roads in Fogg Road Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Fogg Road Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Interest is paid on a monthly basis, and a principal payment is made annually until termination of the lease on December 20, 2029. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. As of June 30, 2024, the principal amount outstanding was \$82,500.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 15,000	\$ 2,588
2026	15,000	2,138
2027	15,000	1,688
2028	15,000	1,219
2029	15,000	244
2030	7,500	731
Totals	<u>\$ 82,500</u>	<u>\$ 8,608</u>

**11. Valley View Subdivision Roads**

On October 22, 2015, the Gallatin County Fiscal Court entered into a 20-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$190,000 at a variable rate of interest in order to finance the construction of roads in Valley View Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Valley View Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2034. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. As of June 30, 2024, the principal amount outstanding was \$110,000.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

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

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

**A. Direct Borrowings (Continued)**

**11. Valley View Subdivision Roads (Continued)**

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 10,000	\$ 3,625
2026	10,000	3,325
2027	10,000	3,025
2028	10,000	2,713
2029	10,000	2,388
2030-2034	52,500	7,023
2035	7,500	263
Totals	<u>\$ 110,000</u>	<u>\$ 22,362</u>

**12. Meadowlark Lane**

On December 22, 2016, the Gallatin County Fiscal Court entered into a 15-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$135,000 at a variable rate of interest in order to finance the construction of roads in Meadowlark Lane Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Meadowlark Lane Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Principal and interest are paid on a monthly basis until termination of the lease on February 1, 2032. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. As of June 30, 2024, the principal amount outstanding was \$75,000.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 10,000	\$ 2,450
2026	10,000	2,150
2027	10,000	1,844
2028	10,000	1,531
2029	10,000	1,206
2030-2032	25,000	1,569
Totals	<u>\$ 75,000</u>	<u>\$ 10,750</u>

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

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

**A. Direct Borrowings (Continued)**

**13. Ashley Estates**

On November 1, 2017, the Gallatin County Fiscal Court entered into a 15-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$185,000 at a variable rate of interest in order to finance the construction of roads in Ashley Estate Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Ashley Estates Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Principal and interest are paid on a monthly basis until termination of the lease on January 1, 2032. In an event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. As of June 30, 2024, the principal amount outstanding was \$138,333.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 15,000	\$ 4,978
2026	15,000	4,378
2027	17,083	3,778
2028	20,000	3,094
2029	20,000	2,294
2030-2032	51,250	2,917
Totals	<u>\$ 138,333</u>	<u>\$ 21,439</u>

**14. Timberline Road**

On September 20, 2018, the Gallatin County Fiscal Court entered into a 15-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$205,000 at a variable rate of interest in order to finance the construction of roads in the Timberline Road Subdivision so that they may be part of the county road system. Payments of this debt are to be made by the property owners located in the Ashley Estates Subdivision. Payments are collected by the Gallatin County Fiscal Court and distributed to KACoLT in order to meet the debt requirements. Principal and interest are paid on a monthly basis until termination of the lease on December 20, 2032. In an event of default, outstanding amounts become immediately due if the Fiscal Court is unable to make payment. As of June 30, 2024, the principal amount outstanding was \$137,500.

Principal payment requirements and scheduled interest for the term of the agreement are as follows:

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

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

**A. Direct Borrowings (Continued)**

**14. Timberline Road (Continued)**

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 15,000	\$ 6,494
2026	15,000	5,707
2027	15,000	4,919
2028	15,000	4,132
2029	15,000	3,344
2030-2033	62,500	6,915
Totals	<u>\$ 137,500</u>	<u>\$ 31,511</u>

**B. Interest Rate Swaps**

Some of the fiscal court's leases have been fixed through the use of interest rate swaps. The interest rate swaps are exchange agreements between the trustee and a third-party financial institution, whereby the third-party financial institution pays the trustee the variable rate interest within the swap (which is equivalent to the variable rate within the lease) and the fiscal court pays the fixed rate stated by the swap. Under the terms of lease agreements, the trustee has the right to charge costs associated with the interest rate swap to the fiscal court through additional future rentals.

The swap becomes effective on the date that the county exercises its option to convert the variable interest rate in the lease to a fixed rate. The notional amount of the swap at that exercise date is equivalent to the then outstanding principal balance. The notional amount reduces over the term of the lease by the same amount as the principal payments on the lease, as they fall due. The swap terminates on the same date as the final principal payment is due on the respective lease.

The interest rate swaps in effect as of June 30, 2024, are as follows:

	<u>Date Effective</u>	<u>Termination Date</u>	<u>Notional Amount at June 30, 2024</u>
Courthouse Renovation #1	June 30, 2006	December 1, 2026	\$ 558,660
Courthouse Renovation #2	June 28, 2007	June 1, 2027	\$ 83,176

The settlement values above are calculated using the zero-coupon rate and are considered by the fiscal court to represent the fair value of the interest rate swaps at June 30, 2019. The variable rate on all of the swaps is the USD-BMA Municipal Swap Index.

The swaps expose the fiscal court to the following risks that could give rise to additional rentals:

*Credit risk:* Credit risk is the risk that the third-party financial institution will not fulfill its obligations to pay the variable rate interest. All third-party financial institutions party to the interest rate swaps have S&P credit quality ratings of AA-.

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

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

**B. Interest Rate Swaps (Continued)**

The value of the transaction to the fiscal court depends upon the third-party financial institutions maintaining their perceived creditworthiness in the municipal marketplace and fulfilling their obligations under the interest rate swap agreements. Should the third-party financial institutions fail to fulfill their obligations, the fiscal court will be required to pay additional rentals for any costs associated with terminating the swap agreement, plus the costs of entering into an interest rate swap agreement with an alternative financial institution. Should an alternative agreement not be available, the fiscal court would be required to make payments at the variable interest rate contained within the lease.

*Basis risk:* Basis risk is a term used to refer to a mismatch in the source of the variable interest rates in the lease agreement and the swap agreement. When an agency uses an interest rate swap agreement in conjunction with a variable rate debt instrument, the variable rate index used to calculate the payments due under the swap agreement (in this case, the USD-BMA Municipal Swap Index) may not match the rate at which the variable rate debt is remarketed (the interest rate on KACoLT's variable rate bonds, which is reset on a daily basis). This mismatch could potentially be magnified if KACoLT were to administer the program in such a way that the underlying bonds were determined to be taxable obligations, which would be considered an event of default according to the terms of the letter of credit agreement.

*Termination risk:* Termination risk is the risk that a derivative's unscheduled end will affect the fiscal court's asset/liability strategy or will present the fiscal court with potentially significant unscheduled termination payments to the trustee. For example, the fiscal court relies on the interest rate swaps to insulate it from the possibility of increasing interest rate payments. If the swap has an unscheduled termination, that benefit would not be available. The fiscal court would also be required to pay any costs associated with terminating the swap agreement.

*Market access risk:* Market-access risk is the risk that the fiscal court will not be able to enter credit markets or that credit will become more costly. If the fiscal court is required to pay additional rentals or be required to pay higher variable rates, the fiscal court's credit rating could suffer, and additional debt could become more expensive and more difficult to sell. The fiscal court may also be required to pay additional rentals for fees relating to any letters of credit being used to collateralize the interest rate swaps. Furthermore, if interest rates in the municipal bond market were to decrease and the fiscal court wanted to refinance the debt at a lower interest rate, the fiscal court would first have to terminate the swap agreement. When interest rate swap agreements are terminated prior to the contract's maturity, one party to the agreement will owe the other party a termination payment that reflects the value of the swap under current market conditions. It is likely that if rates have decreased to the extent that the fiscal court would want to refinance the debt, the fiscal court would be the party that would have to make a termination payment. The use of the interest rate swap agreement may limit the fiscal court's flexibility in managing the lease obligations going forward.

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,925,487	\$	\$ 471,911	\$ 1,453,576	\$ 319,909
Total Long-term Debt	<u>\$ 1,925,487</u>	<u>\$ 0</u>	<u>\$ 471,911</u>	<u>\$ 1,453,576</u>	<u>\$ 319,909</u>

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

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

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 319,909	\$ 67,389
2026	331,670	51,968
2027	353,418	27,248
2028	109,903	24,554
2029	97,672	13,672
2030-2034	233,504	24,633
2035	7,500	263
Totals	<u>\$ 1,453,576</u>	<u>\$ 209,727</u>

**Note 6. Contingencies**

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

**Note 7. 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 Ky. Ret. Sys. The CERS nine-member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$617,005, FY 2023 was \$669,576, and FY 2024 was \$656,657.

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.

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

**Note 7. Employee Retirement System (Continued)**

Nonhazardous (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% of their annual creditable compensation. Nonhazardous members also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the 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 23.34%.

Hazardous

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

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

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$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.

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.

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

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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 are also available 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.

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

**Note 8. Deferred Compensation**

The Gallatin 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 9. Insurance**

For the fiscal year ended June 30, 2024, the Gallatin County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 10. Conduit Debt**

From time to time, the Gallatin County Fiscal Court has issued bonds and leases to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the

Gallatin County Fiscal Court's name as issuer, the Gallatin County Fiscal Court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the Gallatin County Fiscal Court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2024, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 11. Prior Period Adjustments**

The LGEA fund beginning balance is restated to remove the sewer fund balance of \$162,508, as the sewer fund is a new fund for FY2024. The Grants fund beginning balance is restated to remove the Airport fund balance of \$450,012, as the Airport fund is a new fund for FY2024. The ARPA Fund beginning balance was restated by adding prior year interest the investment earned of \$3,431 to the balance.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,685,276	\$ 2,831,614	\$ 3,161,124	\$ 329,510
In Lieu Tax Payments	515,000	539,000	539,810	810
Excess Fees	6,000	122,336	122,336	
Licenses and Permits	58,000	65,510	71,060	5,550
Intergovernmental	158,180	248,446	250,811	2,365
Miscellaneous	59,000	162,309	159,656	(2,653)
Interest	1,100	14,587	17,695	3,108
Total Receipts	<u>3,482,556</u>	<u>3,983,802</u>	<u>4,322,492</u>	<u>338,690</u>
<b>DISBURSEMENTS</b>				
General Government	1,240,655	1,407,305	1,333,152	74,153
Protection to Persons and Property	162,224	178,787	162,215	16,572
General Health and Sanitation	133,500	113,414	102,241	11,173
Social Services	97,500	165,533	144,913	20,620
Recreation and Culture	1,500	47,592	47,092	500
Transportation Facilities and Services	50,000	3,908		3,908
Administration	1,352,858	1,412,616	1,363,568	49,048
Total Disbursements	<u>3,038,237</u>	<u>3,329,155</u>	<u>3,153,181</u>	<u>175,974</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>444,319</u>	<u>654,647</u>	<u>1,169,311</u>	<u>514,664</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	50,000	50,000		(50,000)
Transfers To Other Funds	<u>(1,262,260)</u>	<u>(1,262,260)</u>	<u>(1,458,900)</u>	<u>(196,640)</u>
Total Other Adjustments to Cash (Uses)	<u>(1,212,260)</u>	<u>(1,212,260)</u>	<u>(1,458,900)</u>	<u>(246,640)</u>
Net Change in Fund Balance	(767,941)	(557,613)	(289,589)	268,024
Fund Balance - Beginning	<u>767,941</u>	<u>851,941</u>	<u>852,394</u>	<u>453</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 294,328</u>	<u>\$ 562,805</u>	<u>\$ 268,477</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 772,151	\$ 939,697	\$ 1,136,584	\$ 196,887
Charges for Services	22,000	22,000	31,280	9,280
Miscellaneous	172,141	172,141	321,467	149,326
Interest	600	600	11,852	11,252
Total Receipts	<u>966,892</u>	<u>1,134,438</u>	<u>1,501,183</u>	<u>366,745</u>
<b>DISBURSEMENTS</b>				
Roads	1,202,028	1,374,574	1,165,926	208,648
Debt Service	169,641	169,641	167,912	1,729
Administration	115,100	110,100	87,268	22,832
Total Disbursements	<u>1,486,769</u>	<u>1,654,315</u>	<u>1,421,106</u>	<u>233,209</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(519,877)</u>	<u>(519,877)</u>	<u>80,077</u>	<u>599,954</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(50,000)</u>	<u>(50,000)</u>		<u>50,000</u>
Total Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(50,000)</u>		<u>50,000</u>
Net Change in Fund Balance	(569,877)	(569,877)	80,077	649,954
Fund Balance - Beginning	<u>569,877</u>	<u>569,877</u>	<u>288,044</u>	<u>(281,833)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 368,121</u>	<u>\$ 368,121</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 89,600	\$ 89,600	\$ 89,789	\$ 189
Charges for Services	4,000	4,000	3,618	(382)
Miscellaneous	300	300	742	442
Interest	100	100	629	529
Total Receipts	<u>94,000</u>	<u>94,000</u>	<u>94,778</u>	<u>778</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	585,060	719,610	704,239	15,371
Administration	60,200	56,650	38,400	18,250
Total Disbursements	<u>645,260</u>	<u>776,260</u>	<u>742,639</u>	<u>33,621</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(551,260)</u>	<u>(682,260)</u>	<u>(647,861)</u>	<u>34,399</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	531,260	531,260	637,000	105,740
Total Other Adjustments to Cash (Uses)	<u>531,260</u>	<u>531,260</u>	<u>637,000</u>	<u>105,740</u>
Net Change in Fund Balance	(20,000)	(151,000)	(10,861)	140,139
Fund Balance - Beginning	<u>20,000</u>	<u>20,000</u>	<u>16,778</u>	<u>(3,222)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (131,000)</u>	<u>\$ 5,917</u>	<u>\$ 136,917</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 260,802	\$ 289,802	\$ 444,834	\$ 155,032
Miscellaneous	4,700	97,100	97,350	250
Interest	500	500	11,599	11,099
Total Receipts	<u>266,002</u>	<u>387,402</u>	<u>553,783</u>	<u>166,381</u>
<b>DISBURSEMENTS</b>				
General Government	10,000	10,000		10,000
General Health and Sanitation	3,500	3,500	2,037	1,463
Social Services	12,000	12,000	10,000	2,000
Recreation and Culture	302,900	341,475	298,840	42,635
Debt Service	70,000	171,010	171,008	2
Capital Projects	40,000	29,900		29,900
Administration	29,500	21,415	18,871	2,544
Total Disbursements	<u>467,900</u>	<u>589,300</u>	<u>500,756</u>	<u>88,544</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(201,898)</u>	<u>(201,898)</u>	<u>53,027</u>	<u>254,925</u>
Net Change in Fund Balance	(201,898)	(201,898)	53,027	254,925
Fund Balance - Beginning (Restated)	<u>201,898</u>	<u>201,898</u>	<u>461,930</u>	<u>260,032</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 514,957</u>	<u>\$ 514,957</u>

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

	<b>GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 7,350,000	\$ 7,350,000	\$ 2,410,794	\$ (4,939,206)
Interest	500	500		(500)
Total Receipts	<u>7,350,500</u>	<u>7,350,500</u>	<u>2,410,794</u>	<u>(4,939,706)</u>
<b>DISBURSEMENTS</b>				
Airports	7,001,500	7,001,500	2,371,473	4,630,027
Capital Projects	350,000	350,000	30,825	319,175
Total Disbursements	<u>7,351,500</u>	<u>7,351,500</u>	<u>2,402,298</u>	<u>4,949,202</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>8,496</u>	<u>9,496</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			6,000	6,000
Transfers To Other Funds			<u>(6,000)</u>	<u>(6,000)</u>
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(1,000)	(1,000)	8,496	9,496
Fund Balance - Beginning (Restated)	<u>1,000</u>	<u>1,000</u>	<u>148</u>	<u>(852)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,644</u>	<u>\$ 8,644</u>

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

	<b>AMBULANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$	\$ (10,000)
Charges for Services	405,000	435,400	476,330	40,930
Miscellaneous	1,000	14,830	15,340	510
Interest	200	737	871	134
Total Receipts	<u>416,200</u>	<u>460,967</u>	<u>492,541</u>	<u>31,574</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	840,100	1,026,399	949,421	76,978
Administration	213,500	226,194	211,946	14,248
Total Disbursements	<u>1,053,600</u>	<u>1,252,593</u>	<u>1,161,367</u>	<u>91,226</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(637,400)</u>	<u>(791,626)</u>	<u>(668,826)</u>	<u>122,800</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>579,900</u>	<u>579,900</u>	<u>689,900</u>	<u>110,000</u>
Total Other Adjustments to Cash (Uses)	<u>579,900</u>	<u>579,900</u>	<u>689,900</u>	<u>110,000</u>
Net Change in Fund Balance	(57,500)	(211,726)	21,074	232,800
Fund Balance - Beginning	<u>57,500</u>	<u>61,929</u>	<u>61,929</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (149,797)</u>	<u>\$ 83,003</u>	<u>\$ 232,800</u>

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

	<b>AIRPORT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 672,273	\$ 672,273
Interest	100	100	8,256	8,156
Total Receipts	100	100	680,529	680,429
<b>DISBURSEMENTS</b>				
Airports	702,641	702,641	660,124	42,517
Administration	353,100	353,100		353,100
Total Disbursements	1,055,741	1,055,741	660,124	395,617
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,055,641)	(1,055,641)	20,405	1,076,046
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	602,641	602,641		(602,641)
Transfers From Other Funds			26,000	26,000
Transfers To Other Funds			(6,000)	(6,000)
Total Other Adjustments to Cash (Uses)	602,641	602,641	20,000	(582,641)
Net Change in Fund Balance	(453,000)	(453,000)	40,405	493,405
Fund Balance - Beginning (Restated)	453,000	453,000	450,012	(2,988)
Fund Balance - Ending	\$ 0	\$ 0	\$ 490,417	\$ 490,417

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

	<b>SEWER FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 43,000	\$ 43,000	\$ 49,103	\$ 6,103
Interest	100	100	2,934	2,834
Total Receipts	<u>43,100</u>	<u>43,100</u>	<u>52,037</u>	<u>8,937</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	90,000	98,540	39,273	59,267
Administration	<u>53,100</u>	<u>44,560</u>	<u>39,273</u>	<u>44,560</u>
Total Disbursements	<u>143,100</u>	<u>143,100</u>	<u>39,273</u>	<u>103,827</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>12,764</u>	<u>112,764</u>
Net Change in Fund Balance	(100,000)	(100,000)	12,764	112,764
Fund Balance - Beginning (Restated)	<u>100,000</u>	<u>100,000</u>	<u>162,508</u>	<u>62,508</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,272</u>	<u>\$ 175,272</u>

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

<b>ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 300	\$ 300	\$ 306	\$ 6
Total Receipts	300	300	306	6
<b>DISBURSEMENTS</b>				
Administration	200,000	200,000		200,000
Total Disbursements	200,000	200,000		200,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(199,700)	(199,700)	306	200,006
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(20,000)	(20,000)
Total Other Adjustments to Cash (Uses)			(20,000)	(20,000)
Net Change in Fund Balance	(199,700)	(199,700)	(19,694)	180,006
Fund Balance - Beginning	199,700	199,700	223,222	23,522
Fund Balance - Ending	\$ 0	\$ 0	\$ 203,528	\$ 203,528

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

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 20,000	\$ 20,000	\$ 22,064	\$ 2,064
Miscellaneous	50	50		(50)
Interest	50	50	275	225
Total Receipts	<u>20,100</u>	<u>20,100</u>	<u>22,339</u>	<u>2,239</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	251,700	264,129	255,405	8,724
Administration	69,500	66,500	54,520	11,980
Total Disbursements	<u>321,200</u>	<u>330,629</u>	<u>309,925</u>	<u>20,704</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(301,100)</u>	<u>(310,529)</u>	<u>(287,586)</u>	<u>22,943</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	281,100	281,100	289,000	7,900
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>281,100</u>	<u>281,100</u>	<u>289,000</u>	<u>7,900</u>
Net Change in Fund Balance	(20,000)	(29,429)	1,414	30,843
Fund Balance - Beginning	<u>20,000</u>	<u>20,000</u>	<u>19,450</u>	<u>(550)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (9,429)</u>	<u>\$ 20,864</u>	<u>\$ 30,293</u>

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

<b>911 WIRELESS FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 156,612	\$ 16,612
Interest	50	50	181	131
Total Receipts	<u>140,050</u>	<u>140,050</u>	<u>156,793</u>	<u>16,743</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	20,000	20,000	10,689	9,311
Administration	4,050	4,050	10,689	4,050
Total Disbursements	<u>24,050</u>	<u>24,050</u>	<u>10,689</u>	<u>13,361</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>116,000</u>	<u>116,000</u>	<u>146,104</u>	<u>30,104</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(130,000)	(130,000)	(157,000)	(27,000)
Total Other Adjustments to Cash (Uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(157,000)</u>	<u>(27,000)</u>
Net Change in Fund Balance	(14,000)	(14,000)	(10,896)	3,104
Fund Balance - Beginning	<u>14,000</u>	<u>14,000</u>	<u>15,891</u>	<u>1,891</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,995</u>	<u>\$ 4,995</u>

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

	<b>TOURISM FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 38,000	\$ 38,000	\$ 41,488	\$ 3,488
Intergovernmental	3,548	3,548	4,838	1,290
Miscellaneous	100	100	9,153	9,053
Interest	50	50	1,111	1,061
Total Receipts	<u>41,698</u>	<u>41,698</u>	<u>56,590</u>	<u>14,892</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	84,700	95,450	86,968	8,482
Capital Projects	29,566	29,566	13,895	15,671
Administration	10,100	100		100
Total Disbursements	<u>124,366</u>	<u>125,116</u>	<u>100,863</u>	<u>24,253</u>
Net Change in Fund Balance	(82,668)	(83,418)	(44,273)	39,145
Fund Balance - Beginning	<u>82,668</u>	<u>82,668</u>	<u>75,690</u>	<u>(6,978)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (750)</u>	<u>\$ 31,417</u>	<u>\$ 32,167</u>

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

	<b>AMERICAN RESCUE PLAN ACT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,135,949	\$ 1,135,949	\$ 50,000	\$ (1,085,949)
Interest	100	100	38,658	38,558
Total Receipts	<u>1,136,049</u>	<u>1,136,049</u>	<u>88,658</u>	<u>(1,047,391)</u>
<b>DISBURSEMENTS</b>				
Capital Projects	1,482,000	1,482,000	128,902	1,353,098
Administration	245,951	245,951		245,951
Total Disbursements	<u>1,727,951</u>	<u>1,727,951</u>	<u>128,902</u>	<u>1,599,049</u>
Net Change in Fund Balance	(591,902)	(591,902)	(40,244)	551,658
Fund Balance - Beginning	<u>591,902</u>	<u>591,902</u>	<u>1,294,699</u>	<u>702,797</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,254,455</u>	<u>\$ 1,254,455</u>

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

	<b>OPIOID FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 100	\$ 100	\$ 110,164	\$ 110,064
Interest	100	100	5,010	4,910
Total Receipts	<u>200</u>	<u>200</u>	<u>115,174</u>	<u>114,974</u>
<b>DISBURSEMENTS</b>				
Administration	104,254	104,254	176	104,078
Total Disbursements	<u>104,254</u>	<u>104,254</u>	<u>176</u>	<u>104,078</u>
Net Change in Fund Balance	(104,054)	(104,054)	114,998	219,052
Fund Balance - Beginning	<u>104,054</u>	<u>104,054</u>	<u>104,987</u>	<u>933</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 219,985</u>	<u>\$ 219,985</u>

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

**CLERK STORAGE FEES FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 11,000	\$ 11,000	\$ 12,690	\$ 1,690
Interest	50	50	48	(2)
Total Receipts	<u>11,050</u>	<u>11,050</u>	<u>12,738</u>	<u>1,688</u>
<b>DISBURSEMENTS</b>				
General Government	19,050	19,050	2,185	16,865
Total Disbursements	<u>19,050</u>	<u>19,050</u>	<u>2,185</u>	<u>16,865</u>
Net Change in Fund Balance	(8,000)	(8,000)	10,553	18,553
Fund Balance - Beginning	<u>8,000</u>	<u>8,000</u>	<u>13,221</u>	<u>5,221</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,774</u>	<u>\$ 23,774</u>

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

	<b>AOC FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 258,850	\$ 258,850	\$ 245,719	\$ (13,131)
Interest	300	300	220	(80)
Total Receipts	<u>259,150</u>	<u>259,150</u>	<u>245,939</u>	<u>(13,211)</u>
<b>DISBURSEMENTS</b>				
General Government	73,300	73,300	8,609	64,691
Debt Service	228,850	228,850	228,850	
Total Disbursements	<u>302,150</u>	<u>302,150</u>	<u>237,459</u>	<u>64,691</u>
Net Change in Fund Balance	(43,000)	(43,000)	8,480	51,480
Fund Balance - Beginning	<u>43,000</u>	<u>43,000</u>	<u>140,050</u>	<u>97,050</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,530</u>	<u>\$ 148,530</u>

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

**June 30, 2024**

**Note 1. Budgetary Information**

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

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

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

Total budget transfers for all funds disbursements are out of balance by \$3,352.

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**GALLATIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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**GALLATIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Transportation - Federal Aviation Administration</u></b>				
<i>Passed Through Kentucky Department of Aviation</i>				
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-21-0009-008-2021	\$	\$ 283,846
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-21-0009-009-2022	_____	_____ 351,284
<b>Total U.S. Department of Transportation - Federal Aviation Administration</b>			<b>\$ 0</b>	<b>\$ 635,130</b>
<b><u>U. S. Department of Treasury</u></b>				
<i>Direct Program</i>				
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027		\$	\$ 128,902
<b>Total U.S. Department of Treasury</b>			<b>\$ 0</b>	<b>\$ 128,902</b>
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Passed-Through Kentucky Department Military Affairs</i>				
Emergency Management Performance Grants	97.042	SC 095 200000513	\$	\$ 10,637
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 0</b>	<b>\$ 10,637</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 0</b>	<b>\$ 774,669</b>

The accompanying notes are an integral part of this schedule.

**GALLATIN COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2024**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Gallatin County, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gallatin County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gallatin County, Kentucky.

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Indirect Cost Rate**

Gallatin County has not adopted an indirect cost rate and has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements*	\$ 8,898,101	\$ 1,400,000	\$	\$ 10,298,101
Buildings and Improvements*	4,715,885			4,715,885
Vehicles*	2,611,509	244,856	173,028	2,683,337
Equipment*	1,736,093	208,750		1,944,843
Infrastructure	5,778,414	518,116		6,296,530
 Total Capital Assets	 <u>\$ 23,740,002</u>	 <u>\$ 2,371,722</u>	 <u>\$ 173,028</u>	 <u>\$ 25,938,696</u>

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

**June 30, 2024**

**Note 1. Capital Assets**

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles	\$ 5,000	3-25
Equipment	\$ 5,000	5-15
Infrastructure	\$ 20,000	2-40

**Note 2. Restatement of Capital Assets Beginning Balance**

Land & building improvements beginning balance was restated by \$1,550,000, buildings and building improvements beginning balance was restated by \$45,000, vehicles beginning balance was restated by (\$66,972), and equipment beginning balance was restated by \$37,821 due to errors and omissions in prior years.

**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 Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin 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 Gallatin County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Gallatin County Fiscal Court's financial statement and have issued our report thereon dated January 14, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Gallatin 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 Gallatin County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gallatin 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 Questioned Costs, 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 Questioned Costs as items 2024-001, 2024-002, and 2024-003 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 Gallatin County Fiscal Court's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 Questioned Costs as items 2024-001, 2024-002, and 2024-003.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Gallatin County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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 the response.

**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

January 14, 2026

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Ryan Morris, Gallatin County Judge/Executive  
Members of the Gallatin County Fiscal Court

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the Gallatin County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Gallatin County Fiscal Court's major federal programs for the year ended June 30, 2024. The Gallatin County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Gallatin County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

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

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



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

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

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

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

**Report on Internal Control over Compliance**

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

January 14, 2026

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

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

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

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

**Section I: Summary of Auditor's Results**

***Financial Statement***

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:  
Adverse on GAAP and Unmodified on Regulatory Basis

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

***Federal Awards***

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs

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

**GALLATIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

**Section II: Financial Statement Findings**

*Internal Control – Material Weaknesses*

2024-001 The Gallatin County Fiscal Court Does Not Have Adequate Controls Over Disbursements

The Gallatin County Fiscal Court does not have adequate controls over disbursements. The following issues were noted during the testing of 37 individual disbursements, two months of credit card disbursements, and one month of fuel card disbursements:

- Twenty-three disbursements were not presented to the fiscal court before payment.
- Purchase orders were not issued for 36 disbursements.
- The county judge/executive’s signature stamp was used to sign checks for 35 disbursements.
- Purchase orders were not issued for disbursements completed using a credit card.
- Reviews of fuel purchases were not performed or documented by respective department heads.

The fiscal court did not have controls in place to ensure that staff knew the requirements for disbursements or did not monitor/review to make sure requirements were followed. Weak controls over disbursements increases the following risks that could go undetected: errors in reporting of financial activity, payments could be paid to vendors that may not be a true liability to the fiscal court, funds could be misused as intended, and budgets could be overspent.

KRS 68.210 gives the state local finance officer the authority to prescribe a system of uniform accounts. The Department for Local Government’s (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties’ handling of public funds. These requirements include the implementation of a purchase order system as described on page 57.

KRS 68.275(1) states, “[c]laims against the county that are within the amount of line items of the county budget and arise pursuant to contracts duly authorized by the fiscal court shall be paid by the county judge/executive by a warrant drawn on the county and co-signed by the county treasurer.”

KRS 68.275(2) states, “[t]he county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid.”

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The review and monitoring of disbursements is a basic internal control necessary to ensure they are appropriate, allowable and reasonable, done in compliance with state law and support the accuracy and reliability of financial reports.

We recommend the fiscal court strengthen controls over disbursements by:

- Requiring disbursements to have purchase orders submitted prior to approval. All purchase orders should be completed properly with dates, amounts, account codes, evidence of employee preparing the purchase order, evidence of department head approval and county judge/executive approval (as needed for larger purchases).
- Ensuring claims are presented to the fiscal court prior to payment.

**GALLATIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control – Material Weaknesses (Continued)***

2024-001 The Gallatin County Fiscal Court Does Not Have Adequate Controls Over Disbursements  
(Continued)

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- The county judge/executive authorizing, in writing, the use of a signature stamp, and expressly designate in this writing those persons authorized to use the stamp for official purposes in affixing the official's signature. A log of authorized usage of the stamp should be maintained.
- Reviewing fuel charges documented by the reviewers' initials on the department's fuel charges report. The review should be completed by someone with knowledge of work schedules and assignments before payment is issued by the fiscal court.

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

*County Judge/Executive's Response: The 23 in question: Gallatin County Sheriff - program support are to cover payroll expenses weekly and vehicle maintenance. Payroll expenses are pre-approved expense.*

*[Redacted] Contract - paving bids were let and the fiscal court was aware of the roads and cost related to paving prior to invoicing.*

*Carroll Co. Detention - our fiscal court meetings happen before we get the invoicing from the Jail, as the Co. Treasurer always ask for approval to pay the invoice when it comes in so that we are not late in paying. We generally know the costs from prior months.*

*Miracle of TN/KY - this was a park and recreation grant that was approved by the fiscal court.*

*Village of Ripley - this was a sheriff purchase of a Tahoe fully equipped, and we had 48 hours to decide to purchase. This saved taxpayers in Gallatin County well over \$25,000 to purchase used and equipped rather than brand new.*

*The remaining items are Airport related to the Airport Grant. These expenditures are approved by Kentucky Department of Aviation and the Federal Aviation Administration, and these items do show on the claim's ledger for the fiscal court's review.*

**Auditor's Reply:** All disbursements require approval by the fiscal court prior to being paid unless they are included on the standing order list approved by the Department for Local Government (DLG). The disbursements above were not approved by the fiscal court and were not included on the standing order list. Furthermore, DLG requires purchase orders to be issued for all expenditures of the fiscal court.

**GALLATIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control – Material Weaknesses (Continued)***

**2024-002 The Gallatin County Fiscal Court Did Not Deposit Occupational Tax Checks Timely**

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During testing of occupational tax receipts, five companies were selected, and the following issues were noted:

- Two instances were for returns received on July 27, 2023 and the payments totaling \$67,222 were deposited on August 8, 2023, which is a delay of 8 business days from receipt to deposit.
- One instance was for a return received on August 1, 2023 and the payments totaling \$31,490 were deposited on August 8, 2023, which is a delay of 5 business days from receipt to deposit.
- One instance was for a return received on January 17, 2024 and the payments totaling \$15,503 were deposited on January 26, 2024, which is a delay of 7 business days from receipt to deposit.
- One company's four returns were filed online with no date of receipt documented in supporting records to be able to verify if deposit was delayed, or not. These returns totaled \$889,281.

The county treasurer stated they keep deposits locked in a safe in the judge/executive's office until deposited. The county does not have procedures in place to ensure occupational taxes collected are deposited within three business days of receipt. The treasurer is the occupational tax administrator for Gallatin County. The treasurer stated that when going to the bank to make deposits, they sometimes had to wait in line for over an hour or more. This delay caused them to have to leave without making the deposit on occasion. In order to remedy the situation, the treasurer stated that they now have the ability to remote deposit checks so they do not have to stand in line at the bank and can deposit the checks on a timely basis.

Not making deposits on a timely basis causes a delay in funds being available, which could cause problems when trying to pay liabilities. The risk of errors in accurately reporting receipts and the risk of misappropriation due to theft significantly increases when receipts collected are not deposited timely.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual requires daily deposits intact into a federally insured banking institution.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The county has a responsibility to ensure that all receipts coming to the county are deposited in a timely manner.

We recommend the Gallatin County Fiscal Court implement procedures to ensure deposits are made on a daily basis.

**GALLATIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control – Material Weaknesses (Continued)***

2024-002 The Gallatin County Fiscal Court Did Not Deposit Occupational Tax Checks Timely (Continued)

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

*County Judge/Executive and Treasurer’s Response: There isn’t anyone that can do deposits on my behalf as Treasurer. Yes, other immediate needs sometimes get in the way of me getting to the local bank for daily deposits. Some deposits require investigation; if they are grant related and what fund, where they originated so that the deposit goes into the correct fund. There were changes at the local bank that took an hour to get deposits posted – which led me to purchase a check scanner so that I can do all checks at my desk. All cash must still be taken to the bank for depositing. If the four were filed online, then the deposit was posted timely, and the bank statement would reflect this.*

Auditor’s Reply: The Department for Local Government as well as good internal controls require deposits to be made daily. Tax returns filed by mail or online should have documentation of when they were received.

2024-003 The Gallatin County Fiscal Court’s Schedule Of Expenditures Of Federal Awards Was Materially Misstated

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The county treasurer prepared the Schedule of Expenditures of Federal Awards (SEFA) that included a total of \$3,063,436 in federal expenditures. As a result of auditor inquiry, review of supporting grant documents, invoices, and accounting ledger detail, it was determined that the SEFA overstated federal expenditures by \$2,288,767. The county treasurer accepted corrections to the SEFA for the errors disclosed above.

The treasurer tracked expenditures related to grants; however, she was not certain which ones were state funded or federally funded. This resulted in the SEFA including some state funded expenditures and not including some federally funded expenditures. When the SEFA is incorrect, the risk that a single audit as required by 2 CFR 200 would be missed is increased.

The Code of Federal Regulations 2 CFR 200.502 Basis for determining federal awards expended, states that “...the determination of when a federal award is expended must be based on when the activity related to the federal award occurs. Generally, the activity related to the federal award pertains to events that require the non-federal entity to comply with federal statutes, regulations, and the terms and conditions of federal awards...”

2 CFR 200.510 (b)(1) states that “the auditee must ... prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements. The schedule must include the total federal awards expended as determined in accordance with 2 CFR 200.510...”

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The Department of Local Government requires county officials to submit a SEFA with year-end financial statement. Procedures to track and account for all federal expenditures ensure the accuracy of the SEFA submitted to DLG.

**GALLATIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2024  
(Continued)**

**Section II: Financial Statement Findings (Continued)**

***Internal Control – Material Weaknesses (Continued)***

2024-003 The Gallatin County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Not Accurate  
(Continued)

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We recommend the county implement procedures to ensure they review all grant-related documentation to determine if the grants are state funded or federal funded or both, to assist with tracking and reporting federal expenditures made by the county at the end of each fiscal year on the SEFA.

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

*County Judge/Executive's Response: Federal and state awards relate mainly to the Gallatin County Airport. These grants were mix of state and federal grant monies. Some of the grant monies were federal must come through the state. This is very confusing for myself and the auditor. I supplied all documents that were available to me in turn I provided those to the auditor.*

Auditor's Reply: Federal Uniform Guidance requires that entities receiving and expending federal awards must track and report those grants and their corresponding expenditures each fiscal year on the SEFA to determine if a single audit is required.

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

Not applicable.

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

**GALLATIN COUNTY FISCAL COURT**

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

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
GALLATIN COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Gallatin 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.



Ryan Morris  
County Judge/Executive



Lesa Bullard  
County Treasurer