

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

**For The Year Ended  
June 30, 2023**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
GARRARD COUNTY OFFICIALS.....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	12
BUDGETARY COMPARISON SCHEDULES.....	39
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	48
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	51
SCHEDULE OF FINDINGS AND RESPONSES.....	55
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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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 Chris Elleman, Garrard County Judge/Executive  
Members of the Garrard 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 Garrard County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Garrard 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 Garrard County Fiscal Court, for the year ended June 30, 2023, 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 Garrard County Fiscal Court, for the year ended June 30, 2023, 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 Garrard 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 Chris Elleman, Garrard County Judge/Executive  
Members of the Garrard 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 Garrard 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***

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

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

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

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

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

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

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

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

**Other Matters**

***Supplementary Information***

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

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

***Other Information***

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. However, the Garrard County Fiscal Court did not provide a capital assets schedule to be included in this report. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, on our consideration of the Garrard 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 Garrard County Fiscal Court's internal control over financial reporting and compliance.

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

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

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

2023-001 The Garrard County Fiscal Court Did Not Prepare A Capital Asset Listing For The Fiscal Year

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 7, 2024

**GARRARD COUNTY OFFICIALS****For The Year Ended June 30, 2023****Fiscal Court Members:**

John Wilson	County Judge/Executive	7/1/2022 - 12/31/2022
Chris Elleman	County Judge/Executive	01/01/2023 - Present
Joe Leavell	Magistrate	7/1/2022 - 12/31/2022
Betty Holtzclaw	Magistrate	7/1/2022 - 12/31/2022
Bill Warren	Magistrate	7/1/2022 - 12/31/2022
Chris Davis	Magistrate	01/01/2023 - Present
Wayne Day	Magistrate	01/01/2023 - Present
Glendan Barker	Magistrate	01/01/2023 - Present
Bobby Preston	Magistrate	
Chris Butner	Magistrate	

**Other Elected Officials:**

Mark Metcalf	County Attorney	
Kevin Middleton	Jailer	
Kevin Montgomery	County Clerk	
Dana Hensley	Circuit Court Clerk	
Tim Davis	Sheriff	7/1/2022 - 12/15/2022
Willie Skeens	Sheriff	12/16/2022 - Present
Kay Hall	Property Valuation Administrator	7/1/2022 - 12/04/2022
Brian Swinney	Property Valuation Administrator	12/05/2022 - Present
Shane Young	Coroner	

**Appointed Personnel:**

Jennifer Seagraves	County Treasurer	
Jamie Grutzzius	Finance Officer	07/01/2022 - 08/12/2022
Miles Ballew	Finance Officer	07/05/2022 - 12/31/2022
Todd Montgomery	Finance Officer	01/01/2023 - Present
Kristen Akers	Tax Administrator	

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

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 3,468,399	\$ 10,000	\$
Excess Fees	465,347		
Licenses and Permits	40,374		
Intergovernmental	513,932	1,334,437	41,978
Charges for Services	1,193,284		
Miscellaneous	83,486	131,487	
Interest	1,779	526	
Total Receipts	<u>5,766,601</u>	<u>1,476,450</u>	<u>41,978</u>
<b>DISBURSEMENTS</b>			
General Government	1,866,051	16,525	81
Protection to Persons and Property	1,925,421		
General Health and Sanitation	129,360		
Social Services	5,000		
Recreation and Culture	184,940		
Roads		1,034,470	
Debt Service		86,362	
Capital Projects	172,209		
Administration	975,548	160,266	
Total Disbursements	<u>5,258,529</u>	<u>1,297,623</u>	<u>81</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>508,072</u>	<u>178,827</u>	<u>41,897</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds	172,209		
Transfers From Other Funds	237,008		
Transfers To Other Funds	(35,000)	(125,000)	
Total Other Adjustments to Cash (Uses)	<u>374,217</u>	<u>(125,000)</u>	
Net Change in Fund Balance	882,289	53,827	41,897
Fund Balance - Beginning (Restated)	<u>3,440,363</u>	<u>427,946</u>	<u>109,676</u>
Fund Balance - Ending	<u>\$ 4,322,652</u>	<u>\$ 481,773</u>	<u>\$ 151,573</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 4,364,419	\$ 484,573	\$ 151,573
Less: Outstanding Checks	<u>(41,767)</u>	<u>(2,800)</u>	
Fund Balance - Ending	<u>\$ 4,322,652</u>	<u>\$ 481,773</u>	<u>\$ 151,573</u>

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

**GARRARD COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>Budgeted Funds</b>					
<b>Solid Waste Fund</b>	<b>Clerk Storage Fund</b>	<b>House Bill 577 Fund</b>	<b>Veterans Memorial Fund</b>	<b>Chemical Stockpile Emergency Preparedness Program Fund</b>	<b>American Rescue Fund</b>
\$	\$	\$	\$	\$	\$
31,298		32,912		406,313	1,715,707
99,413					
	29,920		4,788	30,374	
6		9			
<u>130,717</u>	<u>29,920</u>	<u>32,921</u>	<u>4,788</u>	<u>436,687</u>	<u>1,715,707</u>
		81		335,036	
107,890					
			1,500		
					1,508,021
				24,643	
<u>107,890</u>		<u>81</u>	<u>1,500</u>	<u>359,679</u>	<u>1,508,021</u>
<u>22,827</u>	<u>29,920</u>	<u>32,840</u>	<u>3,288</u>	<u>77,008</u>	<u>207,686</u>
				35,000	
				(112,008)	
				(77,008)	
22,827	29,920	32,840	3,288		207,686
30,100		72,236	18,403	15,000	645,057
<u>\$ 52,927</u>	<u>\$ 29,920</u>	<u>\$ 105,076</u>	<u>\$ 21,691</u>	<u>\$ 15,000</u>	<u>\$ 852,743</u>
\$ 59,927	\$ 29,920	\$ 105,076	\$ 21,691	\$ 16,242	\$ 855,585
(7,000)				(1,242)	(2,842)
<u>\$ 52,927</u>	<u>\$ 29,920</u>	<u>\$ 105,076</u>	<u>\$ 21,691</u>	<u>\$ 15,000</u>	<u>\$ 852,743</u>

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

**GARRARD COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<u>Unbudgeted Funds</u>		
	<u>Opioid Fund</u>	<u>Public Improvement Corporation Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 3,478,399
Excess Fees			465,347
Licenses and Permits			40,374
Intergovernmental		773,098	4,849,675
Charges for Services			1,292,697
Miscellaneous	135,683		415,738
Interest	6		2,326
Total Receipts	<u>135,689</u>	<u>773,098</u>	<u>10,544,556</u>
<b>DISBURSEMENTS</b>			
General Government			1,882,738
Protection to Persons and Property			2,260,457
General Health and Sanitation			237,250
Social Services			5,000
Recreation and Culture			186,440
Roads			1,034,470
Debt Service		773,098	859,460
Capital Projects			1,680,230
Administration			1,160,457
Total Disbursements		<u>773,098</u>	<u>9,306,502</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>135,689</u>		<u>1,238,054</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			172,209
Transfers From Other Funds			272,008
Transfers To Other Funds			(272,008)
Total Other Adjustments to Cash (Uses)			<u>172,209</u>
Net Change in Fund Balance	135,689		1,410,263
Fund Balance - Beginning (Restated)			<u>4,758,781</u>
Fund Balance - Ending	<u>\$ 135,689</u>	<u>\$ 0</u>	<u>\$ 6,169,044</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 135,689	\$	\$ 6,224,695
Less: Outstanding Checks			<u>(55,651)</u>
Fund Balance - Ending	<u>\$ 135,689</u>	<u>\$ 0</u>	<u>\$ 6,169,044</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	12
NOTE 2.	DEPOSITS .....	15
NOTE 3.	TRANSFERS .....	15
NOTE 4.	LEASES .....	16
NOTE 5.	LONG-TERM DEBT .....	21
NOTE 6.	COMMITMENTS AND CONTINGENCIES .....	31
NOTE 7.	EMPLOYEE RETIREMENT SYSTEM .....	31
NOTE 8.	DEFERRED COMPENSATION .....	34
NOTE 9.	HEALTH SPENDING ACCOUNT .....	34
NOTE 10.	INSURANCE .....	34
NOTE 11.	ENDOWMENTS .....	34
NOTE 12.	NOTES RECEIVABLE .....	35
NOTE 13.	PRIOR PERIOD ADJUSTMENTS .....	35

**GARRARD COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

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

**A. Reporting Entity**

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

**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.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

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

**Budgeted Funds (Continued)**

Solid Waste Fund - The primary purpose of this fund is to account for recycling and solid waste fee money collected from businesses and individuals. The primary sources of receipts for this fund are local citizens and state grant funding.

Clerk Storage Fee Fund - The primary purpose of this fund is to account for storage fees received by the county clerk and disbursed to the county treasurer to be held in a fund for the county clerk's use and the county to disburse on the county clerk's behalf.

House Bill 577 Fund - The primary purpose of this fund is to account for House Bill 577 receipts and disbursements. The primary source of receipts for this fund is state grants.

Veterans Memorial Fund - The primary purpose of this fund is to account for activities related to donations related to the Veterans Memorial Fund. The primary source of receipts for this fund is donations.

Chemical Stockpile Emergency Preparedness Program (CSEPP) Fund - The primary purpose of this fund is to account for emergency equipment and personnel expenses of the county. The primary sources of the receipts for this fund are federal and state grants.

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

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Opioid Fund - The primary purpose of this fund is to account for opioid settlement receipts and disbursements. The primary source of these funds is from the opioid settlement from the state.

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

**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.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**D. Budgetary Information (Continued)**

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

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

**E. Garrard County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Garrard 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 Garrard County Fiscal Court.

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 2. Deposits**

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	Road Fund	Chemical Stockpile Emergency Preparedness Program Fund	Total Transfers In
General Fund	\$	\$ 125,000	\$ 112,008	\$ 237,008
Chemical Stockpile Emergency Preparedness Program Fund	35,000			35,000
Total Transfers Out	<u>\$ 35,000</u>	<u>\$ 125,000</u>	<u>\$ 112,008</u>	<u>\$ 272,008</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.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 4. Leases**

**A. Copier Leases**

During fiscal year 2022, the Garrard County Fiscal Court participated in four (4) leases for the acquisition and use of office equipment. As of June 30, 2023, the value of the lease liabilities was \$7,017. The Garrard County Fiscal Court is required to make monthly principal payments of \$282. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Amount</u>
2024	\$ 3,379
2025	2,712
2026	<u>926</u>
Total Minimum Lease Payments	<u>\$ 7,017</u>

**B. Road Department Vehicles**

On September 1, 2016, the Garrard County Fiscal Court entered into a lease agreement to lease four 2016 Ford F-550 and three 2016 Ford F-350 vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 84 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$7,007 for this agreement. The lease agreement paid out in fiscal year 2023 and these vehicles remained under a maintenance agreement.

**C. County Police Department Vehicles**

On July 1, 2017, the Garrard County Fiscal Court entered into a lease agreement to lease six police vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. One of the vehicle's lease was cancelled in 2021, which left five (5) police vehicles. During fiscal year 2023, the county had total lease payments of \$21,155 for this agreement. This lease agreement paid out in fiscal year 2023 and two (2) vehicles remained under a maintenance agreement.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 4. Leases (Continued)**

**D. Additional County Police Department Vehicles**

On August 1, 2017, the Garrard County Fiscal Court entered into a lease agreement to lease two (2) police vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. One of the vehicle leases was cancelled in 2021. During fiscal year 2023, the county had total lease payments of \$637 for this agreement. The lease agreement paid out during fiscal year 2023.

**E. Jailer's Vehicle**

On December 1, 2017, the Garrard County Fiscal Court entered into a lease agreement to lease a vehicle for use by the county jailer. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 72 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the lease agreement paid out and the county started a month to month for 12 months. The county had total lease payments of \$3,511 for this agreement. The annual lease payments required under the new terms at June 30, 2023 are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Amount</u>
2024	<u>\$ 1,404</u>
Total Minimum Lease Payments	<u>\$ 1,404</u>

**F. Additional County Police Department Vehicles**

On November 1, 2019, the Garrard County Fiscal Court entered into a lease agreement to lease one police vehicle for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$3,370 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 4. Leases (Continued)**

**F. Additional County Police Department Vehicles (Continued)**

Fiscal Year Ended <u>June 30</u>	Scheduled <u>Amount</u>
2024	\$ 6,723
2025	<u>2,241</u>
Total Minimum Lease Payments	<u>\$ 8,964</u>

**G. Additional County Police Department Vehicle**

On May 1, 2021, the Garrard County Fiscal Court entered into a lease agreement to lease a 2021 Dodge Durango vehicle for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$6,755 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

Fiscal Year Ended <u>June 30</u>	Scheduled <u>Amount</u>
2024	\$ 6,755
2025	6,755
2026	<u>5,629</u>
Total Minimum Lease Payments	<u>\$ 19,139</u>

**H. Additional Road Department Vehicles**

On December 1, 2021, the Garrard County Fiscal Court entered into a lease agreement to lease a 2021 Ford F-150 vehicle for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$10,556 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 4. Leases (Continued)**

**H. Additional Road Department Vehicles (Continued)**

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Amount</u>
2024	\$ 10,556
2025	10,556
2026	10,556
2027	<u>4,399</u>
Total Minimum Lease Payments	<u>\$ 36,067</u>

**I. Additional County Police Vehicles**

On June 1, 2022, the Garrard County Fiscal Court entered into a lease agreement to lease two (2) police vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$26,690 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Amount</u>
2024	\$ 26,690
2025	26,690
2026	26,690
2027	<u>24,464</u>
Total Minimum Lease Payments	<u>\$ 104,534</u>

**J. Additional County Police Department Vehicles**

On August 1, 2022, the Garrard County Fiscal Court entered into a lease agreement to lease three (3) police vehicles for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$35,215 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 4. Leases (Continued)**

**J. Additional County Police Department Vehicles (Continued)**

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Amount</u>
2024	\$ 38,416
2025	38,416
2026	38,416
2027	38,416
2028	<u>3,201</u>
Total Minimum Lease Payments	<u>\$ 156,865</u>

**K. Additional County Police Vehicle**

On October 1, 2022, the Garrard County Fiscal Court entered into a lease agreement to lease one (1) police vehicle for use by the county. The vendor will, on or about the date of delivery of each vehicle to the county, include a schedule covering the vehicle, which will include a description of the vehicle, the lease term, and the monthly rental and other payments due with respect to the vehicle. The agreement is a lease with a buy option and the county will not have right, title, or interest in or to the vehicles except for the use of the vehicles as described in the agreement. The lease term commences on the delivery date of the vehicle and ends 60 months after the first full month rental payment date with an option to continue month-to-month for an unlimited period of time. This lease payment can change each year depending on additions and deletions of vehicles. During fiscal year 2023, the county had total lease payments of \$10,554 for this agreement. The annual lease payments required under the leasing agreement at June 30, 2023, are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Amount</u>
2024	\$ 14,073
2025	14,073
2026	14,073
2027	14,072
2028	<u>3,518</u>
Total Minimum Lease Payments	<u>\$ 59,809</u>

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 5. Long-term Debt**

**A. Direct Borrowings**

**1. Ponderosa Road**

On August 18, 2008, the Garrard County Fiscal Court entered into an unsecured twenty-year lease agreement with Kentucky Association of Counties Leasing Trust to construct Ponderosa Road for \$35,700. The annual interest rate is 4.967%. Per the agreement, failure to make payment 10 days or more past due date shall bear interest thereon at the late payment rate. Upon default of the loan, the lessor may take whatever action at law or inequity and recover damages from the lessee for such action such as legal fees, other costs and expenses once finally adjudicated that an event of default has occurred. The principal balance of the lease as of June 30, 2023, was \$5,092. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 2,485	\$ 384
2025	2,607	31
Totals	<u>\$ 5,092</u>	<u>\$ 415</u>

**2. Rolling Meadows Project**

On November 2, 2012, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Kentucky Association of Counties Leasing Trust to construct Rolling Meadows Road for \$82,801. Principal payments are due each January 20 while interest payments are due monthly. The annual interest rate is 4.550%. Per the agreement, failure to make payment 10 days or more past the due date shall bear interest thereon at the late payment rate. Upon default of the loan, the lessor may take whatever action at law or inequity and recover damages from the lessee for such action such as legal fees, other costs and expenses once finally adjudicated that an event of default has occurred. The principal balance of the lease as of June 30, 2023, was \$0.

**3. Zanes Trace Road Project**

On December 19, 2013, the Garrard County Fiscal Court entered into an unsecured fifteen-year lease agreement with Whitaker Bank to construct Zane Trace Road for \$43,618. Principal and interest payments are due each January 19th. The annual interest rate is 4.750%. Per agreement, failure to make payment 10 days or more past due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$21,295. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**3. Zanes Trace Road Project (Continued)**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 3,143	\$ 1,024
2025	3,292	876
2026	3,452	715
2027	3,619	548
2028	3,793	374
2029	3,996	171
Totals	<u>\$ 21,295</u>	<u>\$ 3,708</u>

**4. Red Gate Road Project**

On October 29, 2014, the Garrard County Fiscal Court entered into an unsecured nine-year lease agreement with Whitaker Bank to construct Red Gate Road for \$19,840. Principal and interest payments are due each October 22. The annual interest rate is 3.9%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$4,607. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 2,264	\$ 177
2025	2,343	98
Totals	<u>\$ 4,607</u>	<u>\$ 275</u>

**5. Pleasant Valley Road Project**

On June 2, 2015, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Pleasant Valley Road for \$7,207. Principal and interest payments are due each June 2. The annual interest rate is 3.45%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$1,890. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**5. Pleasant Valley Road Project**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 775	\$ 64
2025	1,115	42
Totals	<u>\$ 1,890</u>	<u>\$ 106</u>

**6. Colt's Run Project**

On August 3, 2016, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Colt's Run Road for \$13,078. Per agreement, failure to make payment 10 days or more past due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on loan, the lender may declare the entire unpaid balance and all accrued interest due, and borrower will pay that amount. If borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. Principal and interest payments are due each August 5th. The annual interest rate is 3.20%. The principal balance of the lease as of June 30, 2023, was \$5,738. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 1,370	\$ 183
2025	1,414	139
2026	1,460	93
2027	1,494	14
	<u>\$ 5,738</u>	<u>\$ 429</u>

**7. Woodspring Project**

On September 20, 2016, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Woodspring Road for \$33,220. Principal and interest payments are due each October 15th. The annual interest rate is 3.60%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$10,715. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**7. Woodspring Project (Continued)**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 3,510	\$ 525
2025	3,636	398
2026	3,569	466
2027	511	511
	\$ 10,715	\$ 1,900

**8. Lisa Drive Project**

On October 25, 2016, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Lisa Drive for \$19,500. Principal and interest payments are due each November 5. The annual interest rate is 3.40%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$8,611. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 2,051	\$ 290
2025	2,120	221
2026	2,193	148
2027	2,247	94
	\$ 8,611	\$ 753

**9. Pam Drive Project**

On July 14, 2017, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Pam Drive for \$31,300. Principal and interest payments are due each July 14th. The annual interest rate is 3.125%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$16,870. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**9. Pam Drive Project (Continued)**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 3,176	\$ 525
2025	3,276	426
2026	3,378	324
2027	3,483	218
2028	3,557	46
	<u>\$ 16,870</u>	<u>\$ 1,539</u>

**10. Ronclar Road Project**

On July 21, 2017, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Farmers Bank to construct Ronclar Road for \$46,450. Principal and interest payments are due each July 21st. The annual interest rate is 3.125%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$20, whichever is greater but not to exceed \$999, and a minimum finance charge equal to \$10. The principal balance of the lease as of June 30, 2023, was \$16,006. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 4,739	\$ 754
2025	4,861	632
2026	5,013	480
2027	1,393	1,537
Totals	<u>\$ 16,006</u>	<u>\$ 3,403</u>

**11. C Valley Project**

On July 27, 2017, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct C Valley Road for \$100,020. Principal and interest payments are due each July 27th. The annual interest rate is 3.125%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$53,906. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**11. C Valley Project (Continued)**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 10,149	\$ 1,678
2025	10,466	1,361
2026	10,794	1,034
2027	11,131	697
2028	<u>11,366</u>	<u>148</u>
Totals	<u>\$ 53,906</u>	<u>\$ 4,918</u>

**12. Ford E-450 Ambulance**

On November 3, 2017, the Garrard County Fiscal Court entered into a secured six-year lease agreement with Whitaker Bank to purchase a Ford E-450 Ambulance for \$97,958. The ambulance is collateral security on the loan. Principal and interest payments are due each monthly. The annual interest rate is 3.125 %. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$7,432. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	<u>\$ 7,432</u>	<u>\$ 55</u>
Totals	<u>\$ 7,432</u>	<u>\$ 55</u>

**13. Hamilton Springs Project**

On February 27, 2018, the Garrard County Fiscal Court entered into an unsecured six-year lease agreement with Whitaker Bank to refinance the Hamilton Springs project for \$37,288. Principal and interest payments are due each January 5th. The annual interest rate is 3.125 %. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$0.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**14. Dog Kennels**

On April 24, 2018, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to purchase dog kennels for \$20,000. Principal and interest payments are due each April 24th. The annual interest rate is 3.25 %. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$10,810. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 2,030	\$ 350
2025	2,097	284
2026	2,165	216
2027	2,235	145
2028	2,283	40
Totals	<u>\$ 10,810</u>	<u>\$ 1,035</u>

**15. Whitney Drive Project**

On January 18, 2019, the Garrard County Fiscal Court entered into an unsecured ten-year lease agreement with Whitaker Bank to construct Whitney Drive for \$52,878. Principal and interest payments are due each January 18th. The annual interest rate is 3.4%. Per the agreement, failure to make payment 10 days or more past the due date will result in a late fee, five percent (5%) of regularly scheduled payment or \$50, whichever is less. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$33,852. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 5,194	\$ 1,148
2025	5,371	971
2026	5,554	788
2027	5,742	600
2028	5,938	404
2029	6,053	103
Totals	<u>\$ 33,852</u>	<u>\$ 4,014</u>

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**16. 2021 Freightliner Dump Truck**

On May 20, 2020, the Garrard County Fiscal Court entered into a secured six-year lease agreement with Mercedes-Benz Financial Services USA LLC to purchase a Freightliner Dump Truck for \$83,291. The dump truck is collateral security on the loan. Principal and interest payments are due each monthly. The annual interest rate is 4.09%. Per the agreement, failure to not paid on the due date will result in an additional charge in the amount of twelve percent (12%) of the payment amount due. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$41,736. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 14,182	\$ 1,479
2025	14,773	853
2026	<u>12,781</u>	<u>206</u>
Totals	<u>\$ 41,736</u>	<u>\$ 2,538</u>

**17. 2021 Ford 350 Ambulance**

On January 21, 2021, the Garrard County Fiscal Court entered into a six-year direct financing agreement with Whitaker Bank to 2021 Ford 350 Ambulance for \$76,604. The 2021 Ford 250 Ambulance serves as collateral for this agreement. Principal and interest payments are due monthly. The annual interest rate is 2.60 %. Per the agreement, failure to not paid on the due date will result in an additional charge in the amount of twelve percent (12%) of the payment amount due. Upon default on the loan, the lender may declare the entire unpaid balance and all accrued interest due, and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$48,324. Principal and interest reimbursements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 12,717	\$ 1,124
2025	13,060	782
2026	13,408	433
2027	<u>9,139</u>	<u>89</u>
Totals	<u>\$ 48,324</u>	<u>\$ 2,428</u>

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**A. Direct Borrowings (Continued)**

**18. 2022 Chevy Type 1 Ambulance**

On September 16, 2022, the Garrard County Fiscal Court entered into a six-year direct financing agreement with Whitaker Bank to 2022 Chevy Type 1 Ambulance for \$172,209. The 2022 Chevy Type 1 Ambulance serves as collateral for this agreement. Principal and interest payments are due monthly. The annual interest rate is 4.3%. Per the agreement, if payment is 10 days or more late, borrower will be charged five percent (5%) of the regularly scheduled payment or \$50, whichever is less. Upon default, the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due and the borrower will pay that amount. If the borrower does not pay, the lender may hire someone to assist in collection at the expense of the borrower. The principal balance of the lease as of June 30, 2023, was \$153,048. Principal and interest reimbursements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 26,614	\$ 6,058
2025	27,782	4,891
2026	29,000	3,672
2027	30,272	2,400
2028	31,599	1,073
2029	7,781	387
Totals	<u>\$ 153,048</u>	<u>\$ 18,481</u>

**B. Other Debt**

**1. First Mortgage Revenue Refunding Bonds, Series 2019 (Justice Center Project)**

On June 1, 2019, the Garrard County Public Improvement Corporation issued \$5,353,673 in First Mortgage Revenue Refunding Bonds. Proceeds from the bonds will be used for the purpose of (i) the advance refunding of all or certain maturities of the \$11,830,000 Garrard County, Kentucky Public Improvement Corporation First Mortgage Revenue Bonds, Series 2009, dated September 30, 2009; (ii) the payment of accrued interest, if any; and (iii) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on September 1 beginning September 1, 2022. This debt is secured with a mortgage deed of trust which is subordinate to the lien created by the mortgage and indenture of trust dated September 16, 2009. Upon default in the payment of the principal of or interest on the bonds, the mortgage, shall be enforced, which enforcement may, under the terms of the mortgage, include foreclosure of the liens created by the mortgage and sale of the project. Interest payments, which varies from three percent to four percent, is payable semi-annually on March 1 and September 1. The outstanding principal balance as of June 30, 2023, was \$4,721,629. Future principal and interest requirements are:

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**B. Other Debt (Continued)**

**1. First Mortgage Revenue Refunding Bonds, Series 2019 (Justice Center Project) (Continued)**

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 731,076	\$ 121,971
2025	756,158	101,149
2026	775,310	79,709
2027	798,651	57,673
2028	820,494	35,005
2029	<u>839,940</u>	<u>11,759</u>
Totals	<u>\$ 4,721,629</u>	<u>\$ 407,266</u>

**2. Refinance of Courthouse Renovation and HVAC Project – 2021 Series D**

On November 30, 2021, the Garrard County Fiscal Court entered into a nine-year lease agreement with Kentucky Association of Counties Leasing Trust to refinance the courthouse renovations lease and HVAC Project for \$420,000. Principal payments are due December 20th beginning in December 2022, and interest is payable semiannually on June 20th and December 20th. The annual interest rate is 1.45 %. The principal balance of the lease as of June 30, 2023, was \$400,000. Principal and interest reimbursements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2024	\$ 30,000	\$ 14,100
2025	35,000	12,800
2026	40,000	11,300
2027	45,000	9,600
2028	60,000	7,500
2029-2031	<u>190,000</u>	<u>9,000</u>
Totals	<u>\$ 400,000</u>	<u>\$ 64,300</u>

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

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 403,018	\$ 172,209	\$ 135,295	\$ 439,932	\$ 101,831
Other Debt	<u>5,773,673</u>		<u>652,044</u>	<u>5,121,629</u>	<u>761,076</u>
Total Long-term Debt	<u>\$ 6,176,691</u>	<u>\$ 172,209</u>	<u>\$ 787,339</u>	<u>\$ 5,561,561</u>	<u>\$ 862,907</u>

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 761,076	\$ 136,071	\$ 101,831	\$ 15,818
2025	791,158	113,949	98,213	12,004
2026	815,310	91,009	92,767	8,576
2027	843,651	67,273	70,755	6,853
2028	880,494	42,505	58,536	2,085
2029-2033	1,029,940	20,759	17,830	661
Totals	<u>\$ 5,121,629</u>	<u>\$ 471,566</u>	<u>\$ 439,932</u>	<u>\$ 45,997</u>

**Note 6. Commitments and Contingencies**

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

**Note 7. Employee Retirement System**

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

The county's contribution for FY 2021 was \$599,266, FY 2022 was \$570,613, and FY 2023 was \$547,668.

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

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 7. Employee Retirement System (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 five percent (5%) of their annual creditable compensation. Nonhazardous members also contribute one percent (1%) to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (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 26.79 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 78.5536.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

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

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

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

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

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

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

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

**D. 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.

**E. 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.

**F. Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report**

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

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

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 8. Deferred Compensation**

The Garrard 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. Health Spending Account**

The Garrard County Fiscal Court established a health spending account to provide employees an additional health benefit. The plan provided a banking account for each eligible employee providing \$1,500 each year to pay for qualifying medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction.

**Note 10. Insurance**

For the fiscal year ended June 30, 2023, the Garrard 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 11. Endowments**

- A. On June 23, 2017, the Garrard County Fiscal Court gave \$70,000 and \$9,592 on June 29, 2018, to Community Foundation of Louisville, Inc. (Foundation), which is a 501(3)(c) to establish a fund to be used for the betterment of the Garrard County Animal Control Program. The Foundation has authority and control over the assets in the fund, and the income derived from it. The distribution policy is to allocate five percent (5%) of an average fund balance for grants and the Foundation's administrative fee. The balance in this fund as of June 30, 2023, was \$108,938.
- B. On August 9, 2016, the Garrard County Fiscal Court gave \$539,333 to Community Foundation of Louisville, Inc. (Foundation) to establish a fund to be used for support of the charitable, scientific, or educational purposes of the Garrard County Fiscal Court. The Foundation has authority and control over the assets in the fund, and the income derived from it. The distribution policy is to allocate five percent (5%) of an average fund balance for grants and the Foundation's administrative fee. The balance in this fund as of June 30, 2023, was \$949,662.

**GARRARD COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2023**  
**(Continued)**

**Note 11. Endowments (Continued)**

- C. The fiscal court also has two other funds with the Community Foundation of Louisville, Inc. (Foundation) to be used for the betterment of the Logan Hubble Park. The Foundation has authority and control over the assets in the fund, and the income derived from it. The distribution policy is to allocate five percent (5%) of an average fund balance for grants and the Foundation's administrative fee. The balances in the two funds as of June 30, 2023, was \$26,312.

**Note 12. Notes Receivable**

**A. Indian Spring Court**

On May 25, 2018, the Garrard County Fiscal Court approved to finance road expenses for Indian Spring Court in the amount of \$23,550 at 3.2% for fifteen (15) years. The payments are made annually and come from tax collections that are on the residents' tax bills. The balance as of June 30, 2023, is \$11,574.

**B. Willow**

On September 22, 2022, the Garrard County Fiscal Court approved to finance road expenses for Willow Drive in the amount of \$32,511 at three percent (3%) interest for fifteen (15) years. The payments are made annually and come from tax collections that are on the residents' tax bills. The balance as of June 30, 2023, is \$30,763.

**Note 13. Prior Period Adjustments**

The prior period ending balance of the general fund increased by \$18 and the road fund increased by \$202 to account for prior year voided checks.

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

**For The Year Ended June 30, 2023**

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

**For The Year Ended June 30, 2023**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 2,544,000	\$ 2,544,000	\$ 3,468,399	\$ 924,399
Excess Fees	196,590	196,590	465,347	268,757
Licenses and Permits	24,000	24,000	40,374	16,374
Intergovernmental	296,200	296,200	513,932	217,732
Charges for Services	991,000	1,021,358	1,193,284	171,926
Miscellaneous	32,700	45,412	83,486	38,074
Interest	2,900	2,900	1,779	(1,121)
Total Receipts	<u>4,087,390</u>	<u>4,130,460</u>	<u>5,766,601</u>	<u>1,636,141</u>
<b>DISBURSEMENTS</b>				
General Government	1,702,129	2,000,582	1,866,051	134,531
Protection to Persons and Property	2,179,078	2,558,744	1,925,421	633,323
General Health and Sanitation	117,804	129,861	129,360	501
Social Services	6,500	6,500	5,000	1,500
Recreation and Culture	104,600	193,717	184,940	8,777
Capital Projects	175,000	172,600	172,209	391
Administration	3,117,279	2,796,010	975,548	1,820,462
Total Disbursements	<u>7,402,390</u>	<u>7,858,014</u>	<u>5,258,529</u>	<u>2,599,485</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,315,000)</u>	<u>(3,727,554)</u>	<u>508,072</u>	<u>4,235,626</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds		172,209	172,209	
Transfers From Other Funds	205,000	205,000	237,008	32,008
Transfers To Other Funds	(90,000)	(90,000)	(35,000)	55,000
Total Other Adjustments to Cash (Uses)	<u>115,000</u>	<u>287,209</u>	<u>374,217</u>	<u>87,008</u>
Net Change in Fund Balance	(3,200,000)	(3,440,345)	882,289	4,322,634
Fund Balance - Beginning (Restated)	<u>3,200,000</u>	<u>3,440,345</u>	<u>3,440,363</u>	<u>18</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,322,652</u>	<u>\$ 4,322,652</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,500	\$ 7,500	\$ 10,000	\$ 2,500
Licenses and Permits	2,500	2,500		(2,500)
Intergovernmental	1,507,326	1,540,944	1,334,437	(206,507)
Miscellaneous	84,754	84,754	131,487	46,733
Interest	1,000	1,000	526	(474)
Total Receipts	<u>1,603,080</u>	<u>1,636,698</u>	<u>1,476,450</u>	<u>(160,248)</u>
<b>DISBURSEMENTS</b>				
General Government	18,000	18,000	16,525	1,475
Protection to Persons and Property	150	150		150
Roads	1,309,920	1,505,031	1,034,470	470,561
Debt Service	94,139	94,725	86,362	8,363
Administration	600,871	438,792	160,266	278,526
Total Disbursements	<u>2,023,080</u>	<u>2,056,698</u>	<u>1,297,623</u>	<u>759,075</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(420,000)</u>	<u>(420,000)</u>	<u>178,827</u>	<u>598,827</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	
Net Change in Fund Balance	(545,000)	(545,000)	53,827	598,827
Fund Balance - Beginning (Restated)	<u>545,000</u>	<u>545,000</u>	<u>427,946</u>	<u>(117,054)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 481,773</u>	<u>\$ 481,773</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 29,000	\$ 29,000	\$ 41,978	\$ 12,978
Total Receipts	<u>29,000</u>	<u>29,000</u>	<u>41,978</u>	<u>12,978</u>
<b>DISBURSEMENTS</b>				
General Government		200	81	119
Administration	138,676	138,476		138,476
Total Disbursements	<u>138,676</u>	<u>138,676</u>	<u>81</u>	<u>138,595</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(109,676)</u>	<u>(109,676)</u>	<u>41,897</u>	<u>151,573</u>
Net Change in Fund Balance	(109,676)	(109,676)	41,897	151,573
Fund Balance - Beginning	<u>109,676</u>	<u>109,676</u>	<u>109,676</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 151,573</u>	<u>\$ 151,573</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>SOLID WASTE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 34,100	\$ 34,100	\$ 31,298	\$ (2,802)
Charges for Services	75,000	75,000	99,413	24,413
Interest	5	5	6	1
Total Receipts	<u>109,105</u>	<u>109,105</u>	<u>130,717</u>	<u>21,612</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	148,520	140,888	107,890	32,998
Administration	685	8,317		8,317
Total Disbursements	<u>149,205</u>	<u>149,205</u>	<u>107,890</u>	<u>41,315</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(40,100)</u>	<u>(40,100)</u>	<u>22,827</u>	<u>62,927</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	10,000	10,000		(10,000)
Total Other Adjustments to Cash (Uses)	<u>10,000</u>	<u>10,000</u>		<u>(10,000)</u>
Net Change in Fund Balance	(30,100)	(30,100)	22,827	52,927
Fund Balance - Beginning	<u>30,100</u>	<u>30,100</u>	<u>30,100</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,927</u>	<u>\$ 52,927</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

<b>CLERK STORAGE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 29,920	\$ (20,080)
Total Receipts	<u>50,000</u>	<u>50,000</u>	<u>29,920</u>	<u>(20,080)</u>
<b>DISBURSEMENTS</b>				
General Government	50,000	50,000		50,000
Total Disbursements	<u>50,000</u>	<u>50,000</u>		<u>50,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>29,920</u>	<u>29,920</u>
Net Change in Fund Balance			29,920	29,920
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,920</u>	<u>\$ 29,920</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>HOUSE BILL 577 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 32,912	\$ 9,912
Miscellaneous	200	200		(200)
Interest	10	10	9	(1)
Total Receipts	<u>23,210</u>	<u>23,210</u>	<u>32,921</u>	<u>9,711</u>
<b>DISBURSEMENTS</b>				
General Government	95,500	95,700	81	95,619
Administration	210	10		10
Total Disbursements	<u>95,710</u>	<u>95,710</u>	<u>81</u>	<u>95,629</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(72,500)</u>	<u>(72,500)</u>	<u>32,840</u>	<u>105,340</u>
Net Change in Fund Balance	(72,500)	(72,500)	32,840	105,340
Fund Balance - Beginning	<u>72,500</u>	<u>72,500</u>	<u>72,236</u>	<u>(264)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,076</u>	<u>\$ 105,076</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>VETERANS MEMORIAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	3,329	\$ 4,788	\$ 1,459
Total Receipts		3,329	4,788	1,459
<b>DISBURSEMENTS</b>				
Recreation and Culture		18,404	21,733	1,500
Total Disbursements		18,404	21,733	1,500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(18,404)	(18,404)	3,288
Net Change in Fund Balance		(18,404)	(18,404)	3,288
Fund Balance - Beginning		18,404	18,404	18,403
Fund Balance - Ending	\$	0	\$ 21,691	\$ 21,691

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

**CHEMICAL STOCKPILE EMERGENCY PREPAREDNESS PROGRAM FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 815,738	\$ 815,738	\$ 406,313	\$ (409,425)
Miscellaneous	35,000	35,000	30,374	(4,626)
Interest	1	1		(1)
Total Receipts	<u>850,739</u>	<u>850,739</u>	<u>436,687</u>	<u>(414,052)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	831,739	565,071	335,036	230,035
Administration	<u>34,000</u>	<u>300,668</u>	<u>24,643</u>	<u>276,025</u>
Total Disbursements	<u>865,739</u>	<u>865,739</u>	<u>359,679</u>	<u>506,060</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>77,008</u>	<u>92,008</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	80,000	80,000	35,000	(45,000)
Transfers To Other Funds	<u>(80,000)</u>	<u>(80,000)</u>	<u>(112,008)</u>	<u>(32,008)</u>
Total Other Adjustments to Cash (Uses)			<u>(77,008)</u>	<u>(77,008)</u>
Net Change in Fund Balance	(15,000)	(15,000)		15,000
Fund Balance - Beginning	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

**GARRARD COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2023**  
**(Continued)**

	<b>AMERICAN RESCUE FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,713,106	\$ 1,715,707	\$ 1,715,707	\$
Total Receipts	<u>1,713,106</u>	<u>1,715,707</u>	<u>1,715,707</u>	<u>\$</u>
<b>DISBURSEMENTS</b>				
Capital Projects	2,513,106	2,515,707	1,508,021	1,007,686
Total Disbursements	<u>2,513,106</u>	<u>2,515,707</u>	<u>1,508,021</u>	<u>1,007,686</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>207,686</u>	<u>1,007,686</u>
Net Change in Fund Balance	(800,000)	(800,000)	207,686	1,007,686
Fund Balance - Beginning	<u>800,000</u>	<u>800,000</u>	<u>645,057</u>	<u>(154,943)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 852,743</u>	<u>\$ 852,743</u>

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

**June 30, 2023**

**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.

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

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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 Chris Elleman, Garrard County Judge/Executive  
Members of the Garrard 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 Garrard County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Garrard County Fiscal Court's financial statement and have issued our report thereon dated March 7, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-001 to be a material weakness.



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

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Garrard County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2023-001.

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 7, 2024

**GARRARD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

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**GARRARD COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2023**

FINANCIAL STATEMENT FINDING:

2023-001 The Garrard County Fiscal Court Did Not Prepare A Capital Asset Listing For The Fiscal Year

The county did not prepare a capital asset list for the fiscal year. The county did not implement controls to ensure a capital asset listing was maintained and updated as required by the Department for Local Government (DLG).

When capital asset balances are not maintained and updated, the risk that capital asset balances are not reported accurately significantly increases due to the potential for additions and deletions not being accounted for properly.

Good internal controls dictate that the county ensure adequate internal controls are in place for safeguarding the acquisition and oversight of capital assets to decrease the risk of fraud or theft and ensure the county is in adherence with the requirements of the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. The Budget and Policy Manual requires the county to maintain a schedule of additions and retirements or disposals of capital assets in accordance with the county's capitalization policy.

According to the DLG Manual, "Fixed asset records should include the following:

- Description of asset (include quantity where applicable)
- Historical cost of the asset (use FMV\* at date of donation for assets acquired via donation)
- Date of acquisition
- Date of capital improvement (costs which significantly improve the asset by extending life or greatly improving performance)
- Date of disposal
- Useful life of asset
- Salvage value, if any (or guaranteed residual value if applicable per lease agreement)
- Copies of all lease agreements (note: lease agreements must include terms in writing and signed by all responsible parties)
- Depreciation method (e.g., straight-line method) - *Only if GAAP*
- Depreciation expense / accumulated depreciation [depreciation is required for all depreciable assets per GASB No. 34] - *Only if GAAP*
- Proceeds from sale or disposal of assets (maintain documentation for trade-in allowances, or assets deemed obsolete)

All contracts, invoices, purchase orders & authorizations, vendor bidding documentation, receipts, deeds, etc. must be maintained/filed with the asset documentation records.

Each county office should maintain a current Master Fixed Assets Listing summarizing the above.

**PROCEDURES:**

1. Record – The fixed asset record must identify the asset, cost, date acquired, fund charged, location, and other information. If the asset is acquired through donation, the basis of valuation will be the fair market value at the time of donation.

2. Fixed Asset Listing – An annual review of asset addition and disposal records should be reconciled to the Master Fixed Asset Listing to verify accuracy. Resulting differences must be reconciled, explained, and documented. The master listing will be needed by the auditor for preparation of the audited financial statements.

**GARRARD COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2023**  
**(Continued)**

FINANCIAL STATEMENT FINDING: (Continued)

2023-001 The Garrard County Fiscal Court Did Not Prepare A Capital Asset Listing For The Fiscal Year  
(Continued)

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3. Updating - A fixed asset record should be prepared for each acquisition that meets the useful life and threshold limits. Deletion, sale, or disposal of fixed assets must be approved by authorized personnel and documented accordingly. If following GAAP, each fixed asset, with the exception of land (do not depreciate land), should be depreciated annually using the adopted depreciation method. Useful life and salvage value must be considered when calculating depreciation. Note, once the adopted depreciation method is used, it should be consistently applied in future years.”

In addition, per the DLG Manual, the fiscal court should file their fixed asset listing with DLG when they file their fourth quarter financial statement.

We recommend the fiscal court implement internal controls over the capital assets and ensure a complete capital asset schedule is completed per DLG policy.

*County Judge/Executive's Response: We will develop a system to maintain a schedule of additions and disposals of capital assets in accordance with our county capitalization policy. Corrective measures are already being put in place by the Finance Officer and an accurate inventory will be taken.*

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

**GARRARD COUNTY FISCAL COURT**

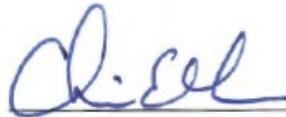
**For The Year Ended June 30, 2023**

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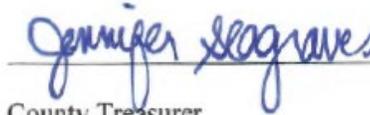
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Garrard 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.



County Judge/Executive



County Treasurer