

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

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



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

Independent Auditor's Report

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Graves County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

To the People of Kentucky
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Finance and Administration Cabinet
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Members of the Graves County Fiscal Court

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

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

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

Other Matters

Supplementary Information

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

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

Other Information

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

To the People of Kentucky
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Members of the Graves County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025, on our consideration of the Graves 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 Graves County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Graves County Fiscal Court Does Not Have Adequate Internal Controls Over Disbursements
- 2024-002 The Graves County Fiscal Court Failed To Approve Cash Transfers Prior To Them Being Made By The County Treasurer
- 2024-003 The Graves County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases
- 2024-004 The Graves County Fiscal Court Does Not Have Adequate Internal Controls Over Financial Reporting
- 2024-005 The Graves County Fiscal Court Did Not Accurately Report Debt Liabilities

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 18, 2025

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

Jesse Perry	County Judge/Executive
Tyler Goodman	Commissioner
Todd Hayden	Commissioner
Dannie W. Winfrey	Commissioner

Other Elected Officials:

John Cunningham	County Attorney
Kelli Elliott	Jailer
Kimberly Gills	County Clerk
Emily Buzanis	Circuit Court Clerk
Jon Hayden	Sheriff
Lee Martin	Property Valuation Administrator
Brad Jones	Coroner

Appointed Personnel:

Kim Lawhorn	County Treasurer
Lori Hendley	Finance Officer

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 6,128,133	\$	\$
In Lieu Tax Payments	110,973		
Excess Fees	491,848		
Licenses and Permits	152,260		
Intergovernmental	1,495,396	3,156,936	1,062,170
Charges for Services	27,500		20,143
Miscellaneous	363,932	339,965	25,244
Interest	115,787	79,369	8,344
Total Receipts	<u>8,885,829</u>	<u>3,576,270</u>	<u>1,115,901</u>
DISBURSEMENTS			
General Government	5,193,852		
Protection to Persons and Property	777,210		2,923,840
General Health and Sanitation	157,558		
Social Services	174,901		
Recreation and Culture	86,141		
Roads		2,585,708	
Airports	78,011		
Debt Service		23,470	16,045
Capital Projects			
Administration	464,540	370,395	498,523
Total Disbursements	<u>6,932,213</u>	<u>2,979,573</u>	<u>3,438,408</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,953,616</u>	<u>596,697</u>	<u>(2,322,507)</u>
Other Adjustments to Cash (Uses)			
Change In Payroll Revolving Account Balance	39,292		
Transfers From Other Funds		2,109	2,433,292
Transfers To Other Funds	(11,609,069)		
Total Other Adjustments to Cash (Uses)	<u>(11,569,777)</u>	<u>2,109</u>	<u>2,433,292</u>
Net Change in Fund Balance	(9,616,161)	598,806	110,785
Fund Balance - Beginning (Restated)	<u>11,605,973</u>	<u>759,213</u>	<u>62,650</u>
Fund Balance - Ending	<u>\$ 1,989,812</u>	<u>\$ 1,358,019</u>	<u>\$ 173,435</u>
Composition of Fund Balance			
Bank Balance	\$ 2,002,158	\$ 1,359,468	\$ 204,520
Payroll Revolving Account Reconciled Balance	23,311		
Plus: Deposits In Transit			116
Less: Outstanding Checks	(35,657)	(1,449)	(31,201)
Fund Balance - Ending	<u>\$ 1,989,812</u>	<u>\$ 1,358,019</u>	<u>\$ 173,435</u>

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

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

Budgeted Funds						
Local Government Economic Assistance Fund	Emergency Management Fund	Alcohol Regulatory Licenses Fund	Grant Fund	Opioid Settlement Fund	Insurance Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$	\$
		3,097				
18,257	23,790		1,146,757			
				117,625		
			25,446		6,606,347	
673	366	181		833	681,141	198,808
18,930	24,156	3,278	1,172,203	118,458	7,287,488	198,808
					259,774	52,902
	71,110	3,577				
			170,575			
				25,435		
			3,542,354		606,070	2,291,718
	23,011					
	94,121	3,577	3,712,929	25,435	865,844	2,344,620
18,930	(69,965)	(299)	(2,540,726)	93,023	6,421,644	(2,145,812)
	70,000		205,354		9,058,715	5,248,717
			(5,407,009)			(2,109)
	70,000		(5,201,655)		9,058,715	5,246,608
18,930	35	(299)	(7,742,381)	93,023	15,480,359	3,100,796
1,109	9,237	4,112	7,824,938	1,755		
\$ 20,039	\$ 9,272	\$ 3,813	\$ 82,557	\$ 94,778	\$ 15,480,359	\$ 3,100,796
\$ 20,039	\$ 9,281	\$ 3,813	\$ 82,557	\$ 94,778	\$ 15,480,359	\$ 3,101,056
	(9)					(260)
\$ 20,039	\$ 9,272	\$ 3,813	\$ 82,557	\$ 94,778	\$ 15,480,359	\$ 3,100,796

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	
	<u>ASAP Fund</u>	<u>Clerk Permanent Storage Fee Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 6,128,133
In Lieu Tax Payments				110,973
Excess Fees				491,848
Licenses and Permits				155,357
Intergovernmental	174,158			7,077,464
Charges for Services				165,268
Miscellaneous		57,030	66,906	7,484,870
Interest	612	4,434	60	1,090,608
Total Receipts	<u>174,770</u>	<u>61,464</u>	<u>66,966</u>	<u>22,704,521</u>
DISBURSEMENTS				
General Government		45,142		5,551,670
Protection to Persons and Property				3,775,737
General Health and Sanitation				328,133
Social Services	160,816			361,152
Recreation and Culture			28,177	114,318
Roads				2,585,708
Airports				78,011
Debt Service				39,515
Capital Projects				6,440,142
Administration				1,356,469
Total Disbursements	<u>160,816</u>	<u>45,142</u>	<u>28,177</u>	<u>20,630,855</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>13,954</u>	<u>16,322</u>	<u>38,789</u>	<u>2,073,666</u>
Other Adjustments to Cash (Uses)				
Change In Payroll Revolving Account Balance				39,292
Transfers From Other Funds				17,018,187
Transfers To Other Funds				(17,018,187)
Total Other Adjustments to Cash (Uses)				<u>39,292</u>
Net Change in Fund Balance	13,954	16,322	38,789	2,112,958
Fund Balance - Beginning (Restated)	<u>3,248</u>	<u>92,112</u>	<u>88,960</u>	<u>20,453,307</u>
Fund Balance - Ending	<u>\$ 17,202</u>	<u>\$ 108,434</u>	<u>\$ 127,749</u>	<u>\$ 22,566,265</u>
Composition of Fund Balance				
Bank Balance	\$ 17,202	\$ 108,434	\$ 127,749	\$ 22,611,414
Payroll Revolving Account Reconciled Balance				23,311
Plus: Deposits In Transit				116
Less: Outstanding Checks				(68,576)
Fund Balance - Ending	<u>\$ 17,202</u>	<u>\$ 108,434</u>	<u>\$ 127,749</u>	<u>\$ 22,566,265</u>

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

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**GRAVES COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Emergency Management Fund - The primary purpose of this fund is to account for the emergency management expenses of the county. The primary source of receipts for this fund is the state government.

Alcohol Regulatory Licenses Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with liquor licensing. The primary source of receipts for this fund is alcohol license fees.

Grant Fund - The primary purpose of this fund is to account for federal and state grant receipts and federal and state grant disbursements.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

Insurance Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with repairing and rebuilding county facilities that were damaged or destroyed by a tornado. The primary source of receipts for this fund is insurance proceeds.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for receipts received from the federal government.

ASAP Fund - The primary purpose of this fund is to account for funds used to reduce the incidence of youth and adults engaging in substance abuse and to promote effective treatment of substance abuse throughout the county. The primary source of receipts of this fund is state and federal grants.

Clerk Permanent Storage Fee Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

Unbudgeted Fund

The fiscal court reports the following unbudgeted fund:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

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

E. Graves County Elected Officials

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Related Organizations and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. The Graves County Fiscal Court appoints the board of the organizations (see below for organizations), thus making them related organizations. Based on these criteria, the following are considered related organizations of the Graves County Fiscal Court:

Mayfield-Graves County Tourism
 Mayfield-Graves County Senior Citizens
 Graves County Water District
 Symsonia Water District
 Graves County Public Library
 Graves County Conservation District
 Mayfield-Graves County Airport

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

Mayfield-Graves County Parks & Recreation (the county has a 50/50 agreement with the city)
 Mayfield-Graves County Ambulance Service (the service is managed by the city, the county buys ambulances and equipment, the city pays the insurance and personnel costs)

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representatives from each of the governments that created the organization but are not joint ventures because the participants do not retain ongoing financial interest or responsibility. Based on this criteria, the following are considered jointly governed organizations of the Graves County Fiscal Court:

Mayfield-Graves County Industrial Development
 Graves County Economic Development Authority

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's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance.

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

Note 2. Deposits (Continued)

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's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund	Grant Fund	American Rescue Plan Act Fund	Total Transfers In
Road Fund	\$	\$	\$ 2,109	\$ 2,109
Jail Fund	2,275,000	158,292		2,433,292
Emergency Management Fund	70,000			70,000
Grant Fund	205,354			205,354
Insurance Fund	9,058,715			9,058,715
American Rescue Plan Act Fund		5,248,717		5,248,717
Total Transfers Out	<u>\$ 11,609,069</u>	<u>\$ 5,407,009</u>	<u>\$ 2,109</u>	<u>\$ 17,018,187</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$27,524.

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

Note 5. Leases

1. Radio Tower

On December 1, 1996, the Graves County Fiscal Court entered into a five-year lease agreement for a license to use and install a radio antenna on a radio tower owned by a third-party. An initial lease liability was recorded in the amount of \$25,800 during the then current fiscal year. That liability has since been paid in full, and the lease has been renewed in five-year increments at a negotiable rate. The Graves County Fiscal Court currently pays \$800 per month for the license. For fiscal year end June 30, 2024, the county paid a total of \$9,600 as part of the lease.

2. Office Space #2

On January 13, 2022, the Graves County Fiscal Court entered into a three-year lease for an approximate 5,000 square foot office space known as suite 2. An initial liability was recorded in the amount of \$90,000 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$16,250. Graves County was required to make monthly rent payments in the amount of \$2,292 for the first year of the lease, \$2,500 per month for the second year of the lease, and \$2,708 per month for the third year of the lease. The lease payments required under the leasing agreement for the fiscal years ending June 30, 2024, and thereafter are as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 16,250</u>
Total Minimum Lease Payments	<u>\$ 16,250</u>

3. Office Space #4-5

On January 13, 2022, the Graves County Fiscal Court entered into a three-year lease for an approximate 8,400 square foot office space known as suite 4-5. An initial liability was recorded in the amount of \$151,200 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$27,300. Graves County was required to make monthly rent payments in the amount of \$3,850 for the first year of the lease, \$4,200 per month for the second year of the lease, and \$4,550 per month for the third year of the lease. The lease payments required under the leasing agreement for the fiscal years ending June 30, 2024, and thereafter are as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 27,300</u>
Total Minimum Lease Payments	<u>\$ 27,300</u>

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

Note 5. Leases (Continued)

4. Office Space #6

On January 13, 2022, the Graves County Fiscal Court entered into a three-year lease for an approximate 2,600 square foot office space that is known as suite 6. An initial liability was recorded in the amount of \$46,800 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$8,450. Graves County was required to make monthly rent payments in the amount of \$1,192 for the first year of the lease, \$1,300 per month for the second year of the lease, and \$1,408 per month for the third year of the lease. The lease payments required under the leasing agreement for the fiscal years ending June 30, 2024, and thereafter are as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 8,450
Total Minimum Lease Payments	<u>\$ 8,450</u>

5. Copier

On September 10, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as the lessee of a copier. An initial liability was recorded in the amount of \$9,791 during the then current fiscal year. During the current fiscal year, the fiscal court extended the term of the lease for an additional year. As of June 30, 2024, the value of the lease liability was \$327. The Graves County Fiscal Court is required to make monthly payments of \$163 and has a purchase price option of \$1 that the county is reasonably certain it will not exercise. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 327
Total Minimum Lease Payments	<u>\$ 327</u>

6. Tractors

In March 2021, the Graves County Fiscal Court entered into a three-year agreement as the lessee for the use of to lease three four-wheel-drive tractors. An initial liability was recorded in the amount of \$58,625 during the then current fiscal year. The term of the lease ended, and the county returned the tractors and stopped making payments in May 2024.

7. Tractors

In May 2024, the Graves County Fiscal Court entered into a three-year lease agreement to lease as the lessee for the use of three four-wheel-drive tractors. An initial liability was recorded in the amount of \$84,935 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$82,576. The Graves County Fiscal Court is required to make monthly payments of \$2,359 and has a purchase price option of \$94,785 that the county is reasonably certain it will not exercise. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

7. Tractors (Continued)

Fiscal Year Ended June 30	Amount
2025	\$ 28,312
2026	28,312
2027	25,952
Total Minimum Lease Payments	<u>\$ 82,576</u>

8. 2023 Dodge Charger

On February 27, 2024, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2023 Dodge Charger. An initial lease liability was recorded in the amount of \$38,962 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$35,715. The Graves County Fiscal Court is required to make monthly payments of \$812. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 9,740
2026	9,741
2027	9,740
2028	6,494
Total Minimum Lease Payments	<u>\$ 35,715</u>

9. 2019 Nissan Rogue

On April 18, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Nissan Rogue. An initial lease liability was recorded in the amount of \$24,020 during the then current fiscal year. During the current fiscal year, the fiscal court extended the term of the lease for an additional year. As of June 30, 2024, the value of the lease liability was \$3,571. The Graves County Fiscal Court is required to make monthly payments of \$357. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 3,571
Total Minimum Lease Payments	<u>\$ 3,571</u>

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

Note 5. Leases (Continued)

10. 2018 Dodge Grand Caravan

On June 21, 2018, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2018 Dodge Caravan. An initial lease liability was recorded in the amount of \$25,862 during the then current fiscal year. The term of the original lease expired in June 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$380 per month.

11. 2019 Ford F-350

On October 9, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Ford F-350. An initial lease liability was recorded in the amount of \$52,487 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$4,375. The Graves County Fiscal Court is required to make monthly payments of \$875. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 4,375
Total Minimum Lease Payments	\$ 4,375

12. 2019 Ford F-350

On October 9, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Ford F-350. An initial lease liability was recorded in the amount of \$54,610 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$4,551. The Graves County Fiscal Court is required to make monthly payments of \$910. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 4,551
Total Minimum Lease Payments	\$ 4,551

13. 2019 Ford F-250

On July 26, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Ford F-250. An initial lease liability was recorded in the amount of \$34,607 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$577. The Graves County Fiscal Court is required to make monthly payments of \$577. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

13. 2019 Ford F-250 (Continued)

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 577</u>
Total Minimum Lease Payments	<u>\$ 577</u>

14. 2019 Ford F-250

On July 26, 2019, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Ford F-250. An initial lease liability was recorded in the amount of \$34,607 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$577. The Graves County Fiscal Court is required to make monthly payments of \$577. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 577</u>
Total Minimum Lease Payments	<u>\$ 577</u>

15. 2019 Ford F-250

On July 26, 2019, the Graves County Fiscal Court entered into a five-year lease agreement t as lessee for the use of a 2019 Ford F-250. An initial lease liability was recorded in the amount of \$34,607 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$577. The Graves County Fiscal Court is required to make monthly payments of \$577. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 577</u>
Total Minimum Lease Payments	<u>\$ 577</u>

16. 2019 Ford F-250

On July 26, 2019, the Graves County Fiscal Court entered into a five-year lease agreement to lease as lessee for the use of a 2019 Ford F-250. An initial lease liability was recorded in the amount of \$34,607 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$577. The Graves County Fiscal Court is required to make monthly payments of \$577. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

16. 2019 Ford F-250 (Continued)

Fiscal Year Ended June 30	Amount
2025	\$ 577
Total Minimum Lease Payments	<u>\$ 577</u>

17. 2021 Ford F-150

On November 10, 2021, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$28,372 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$13,713. The Graves County Fiscal Court is required to make monthly payments of \$473. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 5,674
2026	5,674
2027	<u>2,365</u>
Total Minimum Lease Payments	<u>\$ 13,713</u>

18. 2021 Ford F-150

On November 2, 2021, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2021 Ford F-150. An initial lease liability was recorded in the amount of \$28,372 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$13,713. The Graves County Fiscal Court is required to make monthly payments of \$473. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 5,674
2026	5,674
2027	<u>2,365</u>
Total Minimum Lease Payments	<u>\$ 13,713</u>

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

Note 5. Leases (Continued)

19. 2019 Dodge Charger

On May 28, 2019, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$33,215 during the then current fiscal year. The term of the original lease expired in May 2023, however, the county opted to continue the lease on a month-to-month basis through May 13, 2024, when the county returned the vehicle to the lessor.

20. 2019 Dodge Charger

On November 29, 2019, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$31,756 during the then current fiscal year. The term of the original lease expired in May 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$583 per month.

21. 2019 Dodge Charger

On November 4, 2019, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Dodge Charger. An initial lease liability was recorded in the amount of \$33,980 during the then current fiscal year. The term of the original lease expired in May 2023, however, the county opted to continue the lease on a month-to-month basis at a rate of \$627 per month.

22. 2019 Chrysler 300

On October 20, 2020, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2019 Chrysler 300. An initial lease liability was recorded in the amount of \$22,395 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$1,866. The Graves County Fiscal Court is required to make monthly payments of \$467. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 1,866
Total Minimum Lease Payments	\$ 1,866

23. 2021 Dodge Durango

On June 8, 2021, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Durango. An initial lease liability was recorded in the amount of \$43,440 during the then current fiscal year. On June 17, 2024, the county discontinued the lease and returned the vehicle.

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

Note 5. Leases (Continued)

24. 2021 Dodge Charger

On July 30, 2021, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2021 Dodge Charger. An initial lease liability was recorded in the amount of \$33,319 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$9,024. The Graves County Fiscal Court is required to make monthly payments of \$694. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	\$ 8,330
2026	<u>694</u>
Total Minimum Lease Payments	<u>\$ 9,024</u>

25. 2021 Dodge Durango

On June 8, 2021, the Graves County Fiscal Court entered into a four-year lease agreement to lease as lessee for the use of a 2021 Dodge Durango. An initial lease liability was recorded in the amount of \$43,359 during the then current fiscal year. As of June 30, 2024, the value of the lease liability was \$9,936. The Graves County Fiscal Court is required to make monthly payments of \$903. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	<u>\$ 9,936</u>
Total Minimum Lease Payments	<u>\$ 9,936</u>

26. 2023 Dodge Charger

On July 21, 2023, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2023 Dodge Charger. An initial lease liability was recorded in the amount of \$38,061 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$29,123. The Graves County Fiscal Court is required to make monthly payments of \$787. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Amount</u>
2025	\$ 9,445
2026	9,446
2027	9,445
2028	<u>787</u>
Total Minimum Lease Payments	<u>\$ 29,123</u>

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

Note 5. Leases (Continued)

27. 2023 Dodge Charger

On July 10, 2023, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2023 Dodge Charger. An initial lease liability was recorded in the amount of \$39,846 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$30,267. The Graves County Fiscal Court is required to make monthly payments of \$818. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 9,816
2026	9,817
2027	9,816
2028	818
Total Minimum Lease Payments	<u>\$ 30,267</u>

28. 2023 Chevrolet Silverado

On July 20, 2023, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2023 Chevrolet Silverado 1500. An initial lease liability was recorded in the amount of \$67,208 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$54,535. The Graves County Fiscal Court is required to make monthly payments of \$1,113. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 13,355
2026	13,356
2027	13,355
2028	13,356
2029	1,113
Total Minimum Lease Payments	<u>\$ 54,535</u>

29. 2019 Dodge Ram 2500

On July 6, 2023, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2019 Dodge Ram 2500. An initial lease liability was recorded in the amount of \$68,545 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$55,206. The Graves County Fiscal Court is required to make monthly payments of \$1,127. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

29. 2019 Dodge Ram 2500 (Continued)

Fiscal Year Ended June 30	Amount
2025	\$ 13,520
2026	13,520
2027	13,520
2028	13,520
2029	1,126
Total Minimum Lease Payments	<u>\$ 55,206</u>

30. 2022 Nissan Altima

On July 15, 2022, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2022 Nissan Altima. An initial lease liability was recorded in the amount of \$21,357 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$10,678. The Graves County Fiscal Court is required to make monthly payments of \$445. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 5,339
2026	5,339
Total Minimum Lease Payments	<u>\$ 10,678</u>

31. 2022 Dodge Charger

On August 18, 2022, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2022 Dodge Charger. An initial lease liability was recorded in the amount of \$33,182 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$17,974. The Graves County Fiscal Court is required to make monthly payments of \$691. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 8,295
2026	8,296
2027	1,383
Total Minimum Lease Payments	<u>\$ 17,974</u>

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

Note 5. Leases (Continued)

32. 2022 Dodge Charger

On August 18, 2022, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2022 Dodge Charger. An initial lease liability was recorded in the amount of \$33,182 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$17,974. The Graves County Fiscal Court is required to make monthly payments of \$691. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 8,295
2026	8,296
2027	1,383
Total Minimum Lease Payments	<u>\$ 17,974</u>

33. 2023 Dodge Durango

On April 21, 2023, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2023 Dodge Durango. An initial lease liability was recorded in the amount of \$48,064. In August 2024, the lease was amended with a new monthly payment amount of \$793. As of June 30, 2024, the value of the lease liability was \$36,494. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 9,520
2026	9,520
2027	9,520
2028	7,934
Total Minimum Lease Payments	<u>\$ 36,494</u>

34. 2023 Dodge Durango

On May 5, 2023, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2023 Dodge Durango. An initial lease liability was recorded in the amount of \$46,086. As of June 30, 2024, the value of the lease liability was \$33,604. The Graves County Fiscal Court is required to make monthly payments of \$960. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

34. 2023 Dodge Durango (Continued)

Fiscal Year Ended June 30	Amount
2025	\$ 11,521
2026	11,522
2027	10,561
Total Minimum Lease Payments	<u>\$ 33,604</u>

35. Loader Backhoe

On February 24, 2023, the Graves County Fiscal Court entered into a five-year lease agreement as the lessee for the use of a John Deere 310 SL loader backhoe. An initial liability was recorded in the amount of \$107,135. As of June 30, 2024, the value of the lease liability was \$76,780. The Graves County Fiscal Court is required to make monthly payments of \$1,786 and has a purchase price option of \$69,553 that the county is reasonably certain it will not exercise. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 21,427
2026	21,427
2027	21,427
2028	12,499
Total Minimum Lease Payments	<u>\$ 76,780</u>

36. Tractor with Front Loader

The Graves County Fiscal Court entered into a four-year lease agreement that started on May 24, 2023, as the lessee for the use of a tractor with a front-end loader. An initial liability was recorded in the amount of \$44,578. As of June 30, 2024, the value of the lease liability was \$22,289. The Graves County Fiscal Court is required to make annual payments of \$11,145 and has a purchase price option of \$26,277 that the county is reasonably certain it will not exercise. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 11,145
2026	11,144
Total Minimum Lease Payments	<u>\$ 22,289</u>

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

Note 5. Leases (Continued)

37. 2023 Dodge Durango

On February 27, 2024, the Graves County Fiscal Court entered into a five-year lease agreement as lessee for the use of a 2023 Dodge Durango. An initial lease liability was recorded in the amount of \$55,345. As of June 30, 2024, the value of the lease liability was \$51,777. The Graves County Fiscal Court is required to make monthly payments of \$908. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 10,900
2026	10,901
2027	10,900
2028	10,901
2029	8,175
Total Minimum Lease Payments	<u>\$ 51,777</u>

38. 2023 Dodge Charger

On August 31, 2023, the Graves County Fiscal Court entered into a four-year lease agreement as lessee for the use of a 2023 Dodge Charger. An initial lease liability was recorded in the amount of \$40,241. As of June 30, 2024, the value of the lease liability was \$31,858. The Graves County Fiscal Court is required to make monthly payments of \$838. The remaining lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	\$ 10,060
2026	10,061
2027	10,060
2028	1,677
Total Minimum Lease Payments	<u>\$ 31,858</u>

39. Medical Equipment

In November 2022, the Graves County Fiscal Court entered into a ten-year lease agreement for the use of medical equipment. An initial liability was recorded in the amount of \$1,165,605. As of June 30, 2024, the value of the lease liability was \$1,049,045. The Graves County Fiscal Court is required to make annual payments of \$116,561. The remaining lease payments as of June 30, 2024, were as follows:

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

Note 5. Leases (Continued)

39. Medical Equipment (Continued)

Fiscal Year Ended June 30	Amount
2025	\$ 116,561
2026	116,560
2027	116,561
2028	116,560
2029	116,561
2030-2033	<u>466,242</u>
Total Minimum Lease Payments	<u>\$1,049,045</u>

Note 6. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA – FiscalBooks Accounting Subscription

In October 2021, the Graves County Fiscal Court entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$14,995, and the Graves County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

B. SBITA – FiscalPay Accounting Subscription

In October 2021, the Graves County Fiscal Court entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$16,200, and the Graves County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

C. SBITA – Fiscal Tax Accounting Subscription

In October 2021, the Graves County Fiscal Court entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$14,995, and the Graves County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

D. SBITA – FiscalExpress Accounting Subscription

In October 2021, the Graves County Fiscal Court entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$9,995, and the Graves County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Securus Body Scanner

On July 12, 2019, the Graves County Jail entered into a lease agreement with Securus Technologies for the purpose of purchasing a body scanner. The principal of the lease is \$175,000 with repayment to be made over 50 months with an interest rate at 0%. Due to the tornado that occurred in December 2021 and its impact on the Graves County Jail, the repayment of the lease period was extended. As of June 30, 2024, the lease principal was \$33,301. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 33,301	\$
Totals	<u>\$ 33,301</u>	<u>\$ 0</u>

2. Kubota Mini Excavator

On November 30, 2022, the Graves County Fiscal Court entered into a government obligation contract with Lease Servicing Center, Inc. (LSC) for the purpose of purchasing a mini excavator for the road department. The principal on the lease is \$108,563 with repayment to be made over 60 months with interest set at 6.587%. The excavator is pledged as collateral. Upon an event of default, LSC may declare all lease payments due or to become due during the fiscal year in which the event of default occurs to be immediately due and payable by the fiscal court and/or LSC may repossess the unit by giving the fiscal court written notice to deliver the units to LSC, or in the event the fiscal court fails to do so within 15 days after receipt of such notice, and subject to all applicable laws, LSC may enter upon the fiscal court's premises and take possession of the unit. As of June 30, 2024, the lease principal was \$79,859. Future principal and interest requirements are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 20,980	\$ 4,624
2026	22,401	3,203
2027	23,918	1,685
2028	<u>12,560</u>	<u>242</u>
Totals	<u>\$ 79,859</u>	<u>\$ 9,754</u>

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

Note 7. Long-term Debt (Continued)

B. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 147,265	\$	\$ 34,105	\$ 113,160	\$ 54,281
Total Long-term Debt	\$ 147,265	\$ 0	\$ 34,105	\$ 113,160	\$ 54,281

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 54,281	\$ 4,624
2026	22,401	3,203
2027	23,918	1,685
2028	12,560	242
Totals	\$ 113,160	\$ 9,754

Note 8. 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 9. Employee Retirement System

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

The county's contribution for FY 2022 was \$1,153,937, FY 2023 was \$1,165,305, and FY 2024 was \$1,102,044.

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

Note 9. Employee Retirement System (Continued)

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 23.34%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

Once members reach a minimum vesting period of 15 years, they earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

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

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%. 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.

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

F. Annual Financial Report and Proportionate Share Audit Report

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

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

Note 10. Deferred Compensation

The Graves 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 11. Health Reimbursement Account

The Graves County Fiscal Court offered its employees a health insurance plan that included the benefit of the first \$2,100 of claims for the year to be paid by the county. The insurance company sends a monthly report to the county documenting the names of employees, the date of service, and the amount of claims due from the county. This amount is paid monthly, along with health insurance, from the payroll revolving account.

Note 12. Insurance

For the fiscal year ended June 30, 2024, the Graves 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.

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

Note 13. Related Party Transaction

During the fiscal year, the Graves County Fiscal Court purchased \$4,242 of materials from a local business that is co-owned by a county commissioner.

Note 14. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2024, was added to the General Fund cash balance for financial reporting purposes.

Note 15. Conduit Debt

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

Note 16. Tax Abatements

A. Pilgrim's Pride

Occupational taxes were abated under the authority of the Graves County Fiscal Court. Pilgrim's Pride is eligible to receive this tax abatement due to an ordinance passed by the Graves County Fiscal Court. The taxes are abated by the county deciding to forego occupational taxes which are otherwise due the county. The Graves County Fiscal Court agreed to participate in the grant of incentives under the Kentucky Business Investment Program by contributing 1% of the local occupational tax pursuant to the provisions of KRS 154-32.090. The state local participation ratio in this grant of incentives shall be 75% to 25%. For the fiscal year ended June 30, 2024, the Graves County Fiscal Court abated occupational taxes totaling \$0.

B. Graves County Development Area Brian Drive -1

Occupational Taxes were abated under the authority of the Graves County Fiscal Court. The Graves County Development Area Brian Drive -1 is eligible to receive this tax abatement because its purpose under KRS 65.7041 is to foster economic development that benefits the citizens of the county. The taxes are abated by the county deciding to forego occupational taxes that are otherwise due to the county from businesses in this development area. The Graves County Development Area Brian Drive -1 agreed to the following provision: The county will impose a 1% assessment fee on certain newly created jobs as a result of a project within the development area. For fiscal year ended June 30, 2024, the Graves County Fiscal Court abated Occupational License taxes totaling \$6,378.

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

Note 16. Tax Abatements (Continued)

C. WKT Development Area

Ad valorem real property and occupational taxes were abated under the authority of Graves County Fiscal Court. The WKT Development Area is eligible to receive this tax abatement because its purpose under KRS 65.7041 is to foster economic development that benefits the citizens of the county. The taxes are abated by the county deciding to forego real ad valorem and occupational taxes that are otherwise due to the county, from businesses in this development area. The WKT Development Area agreed to the following provision: The county has established a job assessment fee of 100% of the gross wages of newly created employees as a result of the project within the development area for a period of 30 years. For fiscal year ended June 30, 2024, the Graves County Fiscal Court abated ad valorem real property and occupational license taxes totaling \$138,668. As part of the tax abatement agreement, the Graves County Fiscal Court committed to pledge a portion of the incremental revenues of the county from the development area to the payment of redevelopment assistance, project costs and/or approved public infrastructure costs and financing costs.

D. Gideon's Crossing Development Area

Real ad valorem taxes were abated under the authority of the Graves County Fiscal Court. The Gideon's Crossing Development Area is eligible to receive this tax abatement because its purpose under KRS 65.7041 is to foster economic development that benefits the citizens of the county, by pursuant to KRS 65.7041. The taxes are abated by the county deciding to forego 100% of real ad valorem taxes that are otherwise due to the county, from businesses in this development area for a period of 30 years. For fiscal year ended June 30, 2024, the Graves County Fiscal Court abated real ad valorem taxes totaling \$3,983. As part of the tax abatement agreement, the Graves County Fiscal Court committed to pledge certain incremental revenues created by within the local development to pay for project costs and provide redevelopment assistance for the project.

E. Mayfield Shopping Plaza Development Area

Real ad valorem taxes were abated under the authority of the Graves County Fiscal Court. The Mayfield Shopping Plaza Development Area is eligible to receive this tax abatement because its purpose under KRS 65.7041 is to foster economic development that benefits the citizens of the county. The taxes are abated by the county deciding to forego 75% of ad valorem real property taxes that are otherwise due to the county from businesses in this development area for a period of 20 years. For fiscal year ended June 30, 2024, the Graves County Fiscal Court abated ad valorem real property taxes totaling \$2,404. As part of the tax abatement agreement, the Graves County Fiscal Court committed to pledge certain incremental county revenues created by within the development area to pay for project costs and provide redevelopment assistance for the project.

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

Note 17. Prior Period Adjustments

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Emergency Management Fund</u>	<u>ASAP Fund</u>
Ending Fund Balance Prior Year	\$11,596,860	\$ 759,056	\$ 61,085	\$ 9,084	\$
Adjustment:					
Transfer Fund Balance - ASAP Acct.	(1,334)				1,334
Prior Year Payroll Balance	(15,981)				
Prior Year Voided Checks	<u>26,428</u>	<u>157</u>	<u>1,565</u>	<u>153</u>	<u>1,914</u>
Beginning Balance - Restated	<u>\$11,605,973</u>	<u>\$ 759,213</u>	<u>\$ 62,650</u>	<u>\$ 9,237</u>	<u>\$ 3,248</u>

In fiscal year ended June 30, 2023, the fiscal court included the ASAP account in the General Fund. In fiscal year ended June 30, 2024, this account was budgeted as a separate budgeted fund.

GRAVES COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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GRAVES COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 5,717,000	\$ 5,717,000	\$ 6,128,133	\$ 411,133
In Lieu Tax Payments	93,000	93,000	110,973	17,973
Excess Fees	417,000	417,000	491,848	74,848
Licenses and Permits	149,500	149,500	152,260	2,760
Intergovernmental	1,107,700	1,107,700	1,495,396	387,696
Charges for Services	35,000	35,000	27,500	(7,500)
Miscellaneous	275,000	385,000	363,932	(21,068)
Interest	100,000	100,000	115,787	15,787
Total Receipts	7,894,200	8,004,200	8,885,829	881,629
DISBURSEMENTS				
General Government	4,896,214	5,459,726	5,193,852	265,874
Protection to Persons and Property	856,174	806,122	777,210	28,912
General Health and Sanitation	157,500	157,558	157,558	
Social Services	63,500	175,901	174,901	1,000
Recreation and Culture	77,000	88,229	86,141	2,088
Airports	80,025	81,228	78,011	3,217
Administration	476,227	497,876	464,540	33,336
Total Disbursements	6,606,640	7,266,640	6,932,213	334,427
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,287,560	737,560	1,953,616	1,216,056
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(3,265,763)	(3,265,763)	(11,609,069)	(8,343,306)
Total Other Adjustments to Cash (Uses)	(3,265,763)	(3,265,763)	(11,609,069)	(8,343,306)
Net Change in Fund Balance	(1,978,203)	(2,528,203)	(9,655,453)	(7,127,250)
Fund Balance - Beginning (Restated)	1,978,203	2,528,203	11,605,973	9,077,770
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,950,520	\$ 1,950,520

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,702,512	\$ 3,196,805	\$ 3,156,936	\$ (39,869)
Miscellaneous	765,000	765,000	339,965	(425,035)
Interest	15,000	15,000	79,369	64,369
Total Receipts	<u>3,482,512</u>	<u>3,976,805</u>	<u>3,576,270</u>	<u>(400,535)</u>
DISBURSEMENTS				
Roads	3,073,512	3,085,277	2,585,708	499,569
Debt Service		23,470	23,470	
Capital Projects		453,816		453,816
Administration	462,000	467,242	370,395	96,847
Total Disbursements	<u>3,535,512</u>	<u>4,029,805</u>	<u>2,979,573</u>	<u>1,050,232</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(53,000)</u>	<u>(53,000)</u>	<u>596,697</u>	<u>649,697</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>31,000</u>	<u>31,000</u>	<u>2,109</u>	<u>(28,891)</u>
Total Other Adjustments to Cash (Uses)	<u>31,000</u>	<u>31,000</u>	<u>2,109</u>	<u>(28,891)</u>
Net Change in Fund Balance	(22,000)	(22,000)	598,806	620,806
Fund Balance - Beginning (Restated)	<u>22,000</u>	<u>112,000</u>	<u>759,213</u>	<u>647,213</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 90,000</u>	<u>\$ 1,358,019</u>	<u>\$ 1,268,019</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,014,600	\$ 1,014,600	\$ 1,062,170	\$ 47,570
Charges for Services	10,000	10,000	20,143	10,143
Miscellaneous	1,000	1,000	25,244	24,244
Interest	3,000	3,000	8,344	5,344
Total Receipts	1,028,600	1,028,600	1,115,901	87,301
DISBURSEMENTS				
Protection to Persons and Property	3,463,746	3,475,288	2,923,840	551,448
Debt Service			16,045	(16,045)
Administration	745,000	733,458	498,523	234,935
Total Disbursements	4,208,746	4,208,746	3,438,408	770,338
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,180,146)	(3,180,146)	(2,322,507)	857,639
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,180,146	3,180,146	2,433,292	(746,854)
Total Other Adjustments to Cash (Uses)	3,180,146	3,180,146	2,433,292	(746,854)
Net Change in Fund Balance			110,785	110,785
Fund Balance - Beginning (Restated)			62,650	62,650
Fund Balance - Ending	\$ 0	\$ 0	\$ 173,435	\$ 173,435

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 18,257	\$ (11,743)
Interest	1,000	1,000	673	(327)
Total Receipts	31,000	31,000	18,930	(12,070)
DISBURSEMENTS				
Roads	1,000	1,000		1,000
Total Disbursements	1,000	1,000		1,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	30,000	30,000	18,930	(11,070)
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(31,000)	(31,000)		31,000
Total Other Adjustments to Cash (Uses)	(31,000)	(31,000)		31,000
Net Change in Fund Balance	(1,000)	(1,000)	18,930	19,930
Fund Balance - Beginning	1,000	1,000	1,109	109
Fund Balance - Ending	\$ 0	\$ 0	\$ 20,039	\$ 20,039

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

EMERGENCY MANAGEMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 23,790	\$ (3,210)
Interest			366	366
Total Receipts	27,000	27,000	24,156	(2,844)
DISBURSEMENTS				
Protection to Persons and Property	87,422	87,192	71,110	16,082
Administration	25,195	25,425	23,011	2,414
Total Disbursements	112,617	112,617	94,121	18,496
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(85,617)	(85,617)	(69,965)	15,652
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	85,617	85,617	70,000	(15,617)
Total Other Adjustments to Cash (Uses)	85,617	85,617	70,000	(15,617)
Net Change in Fund Balance			35	35
Fund Balance - Beginning (Restated)			9,237	9,237
Fund Balance - Ending	\$ 0	\$ 0	\$ 9,272	\$ 9,272

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

ALCOHOL REGULATORY LICENSES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 3,000	\$ 3,000	\$ 3,097	\$ 97
Interest	100	100	181	81
Total Receipts	3,100	3,100	3,278	178
DISBURSEMENTS				
Protection to Persons and Property	7,425	7,425	3,577	3,848
Total Disbursements	7,425	7,425	3,577	3,848
Net Change in Fund Balance	(4,325)	(4,325)	(299)	4,026
Fund Balance - Beginning	4,325	4,325	4,112	(213)
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,813	\$ 3,813

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

	GRANT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$ 1,498,012	\$ 1,146,757	\$ (351,255)
Miscellaneous		20,265	25,446	5,181
Total Receipts		1,518,277	1,172,203	(346,074)
DISBURSEMENTS				
General Health and Sanitation		397,476	170,575	226,901
Capital Projects	80,763	3,635,535	3,542,354	93,181
Administration		232,250		232,250
Total Disbursements	80,763	4,265,261	3,712,929	552,332
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(80,763)	(2,746,984)	(2,540,726)	206,258
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			205,354	205,354
Transfers To Other Funds			(5,407,009)	(5,407,009)
Total Other Adjustments to Cash (Uses)			(5,201,655)	(5,201,655)
Net Change in Fund Balance	(80,763)	(2,746,984)	(7,742,381)	(4,995,397)
Fund Balance - Beginning	80,763	2,656,984	7,824,938	5,167,954
Fund Balance - Ending	\$ 0	\$ (90,000)	\$ 82,557	\$ 172,557

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Charges for Services	\$ 19,557	\$ 19,557	\$ 117,625	\$ 98,068
Interest	2,000	2,000	833	(1,167)
Total Receipts	21,557	21,557	118,458	96,901
DISBURSEMENTS				
Social Services	136,557	136,557	25,435	111,122
Total Disbursements	136,557	136,557	25,435	111,122
Net Change in Fund Balance	(115,000)	(115,000)	93,023	208,023
Fund Balance - Beginning	115,000	115,000	1,755	(113,245)
Fund Balance - Ending	\$ 0	\$ 0	\$ 94,778	\$ 94,778

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

INSURANCE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$	\$ 6,606,347	\$ 6,606,347
Interest	125,000	125,000	681,141	556,141
Total Receipts	125,000	125,000	7,287,488	7,162,488
DISBURSEMENTS				
General Government	1,100,000	1,100,000	259,774	840,226
Capital Projects	3,063,000	3,063,000	606,070	2,456,930
Total Disbursements	4,163,000	4,163,000	865,844	3,297,156
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,038,000)	(4,038,000)	6,421,644	10,459,644
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			9,058,715	9,058,715
Total Other Adjustments to Cash (Uses)			9,058,715	9,058,715
Net Change in Fund Balance	(4,038,000)	(4,038,000)	15,480,359	19,518,359
Fund Balance - Beginning	4,038,000	4,038,000		(4,038,000)
Fund Balance - Ending	\$ 0	\$ 0	\$ 15,480,359	\$ 15,480,359

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 180,000	\$ 180,000	\$ 198,808	\$ 18,808
Total Receipts	180,000	180,000	198,808	18,808
DISBURSEMENTS				
General Government	126,000	126,000	52,902	73,098
Capital Projects	5,457,952	5,457,952	2,291,718	3,166,234
Total Disbursements	5,583,952	5,583,952	2,344,620	3,239,332
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(5,403,952)	(5,403,952)	(2,145,812)	3,258,140
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			5,248,717	5,248,717
Transfers To Other Funds			(2,109)	(2,109)
Total Other Adjustments to Cash (Uses)			5,246,608	5,246,608
Net Change in Fund Balance	(5,403,952)	(5,403,952)	3,100,796	8,504,748
Fund Balance - Beginning	5,403,952	5,403,952		(5,403,952)
Fund Balance - Ending	\$ 0	\$ 0	\$ 3,100,796	\$ 3,100,796

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

	ASAP FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 155,000	\$ 165,000	\$ 174,158	\$ 9,158
Interest			612	612
Total Receipts	155,000	165,000	174,770	9,770
DISBURSEMENTS				
Social Services	155,000	165,000	160,816	4,184
Total Disbursements	155,000	165,000	160,816	4,184
Net Change in Fund Balance			13,954	13,954
Fund Balance - Beginning (Restated)			3,248	3,248
Fund Balance - Ending	\$ 0	\$ 0	\$ 17,202	\$ 17,202

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

CLERK PERMANENT STORAGE FEE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 58,000	\$ 58,000	\$ 57,030	\$ (970)
Interest	3,000	3,000	4,434	1,434
Total Receipts	61,000	61,000	61,464	464
DISBURSEMENTS				
General Government	141,000	141,000	45,142	95,858
Total Disbursements	141,000	141,000	45,142	95,858
Net Change in Fund Balance	(80,000)	(80,000)	16,322	96,322
Fund Balance - Beginning	80,000	80,000	92,112	12,112
Fund Balance - Ending	\$ 0	\$ 0	\$ 108,434	\$ 108,434

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

June 30, 2024

Note 1. Budgetary Information

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

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

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

Note 2. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (11,609,069)
To adjust for the change in Payroll Revolving Account	<u>39,292</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ (11,569,777)</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 1,950,520
To adjust for the change in Payroll Revolving Account	<u>39,292</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 1,989,812</u></u>

Note 3. Excess Disbursements Over Appropriations

The jail fund, debt service line-item exceeded budgeted appropriations by \$16,045.

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GRAVES COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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GRAVES COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 894,542	\$ 200,414	\$	\$ 1,094,956
Buildings and Building Improvements	5,799,356			5,799,356
Construction in Progress		309,891		309,891
Vehicles	2,327,722	6,000	56,725	2,276,997
Machinery and Equipment	865,130			865,130
Infrastructure	142,255,422			142,255,422
 Total Capital Assets	 <u>\$152,142,172</u>	 <u>\$ 516,305</u>	 <u>\$ 56,725</u>	 <u>\$152,601,752</u>

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

June 30, 2024

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land and Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles	\$ 5,000	3-25
Machinery and Equipment	\$ 5,000	3-25
Infrastructure	\$ 25,000	10-50

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jesse Perry, Graves County Judge/Executive
Members of the Graves 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 Graves County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Graves County Fiscal Court's financial statement and have issued our report thereon dated March 18, 2025.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.



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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-004 and 2024-005 to be significant deficiencies.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Graves County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2024-001, 2024-002, and 2024-003.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 18, 2025

**GRAVES COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

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**GRAVES COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

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

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Graves County Fiscal Court lacks adequate internal controls over disbursements. Of the 87 disbursements tested, 41 invoices, totaling \$2,431,797 had purchase orders that were not authorized until after the expenses had already been incurred. The fiscal court failed to establish appropriate internal controls over the purchase order system and disbursement process. According to staff, purchase orders are often issued and dated when the invoices are received. The fiscal court's failure to establish effective internal controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, overspent line-items, and claims being paid that are not valid obligations of the fiscal court.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a system of uniform accounts. The Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties' handling of public funds, including mandatory purchasing procedures for counties.

According to a memorandum from the DLG dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*." Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." An effective purchase order system is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements is necessary to prevent misappropriation of assets, cash flow problems, overspent line-items, and claims being paid that are not valid obligations of the fiscal court.

We recommend the Graves County Fiscal Court strengthen internal controls over disbursements by requiring that purchase orders be issued prior to all purchases being made.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Graves County Fiscal Court is continuing to improve on our Purchase Order System, disbursements, receipts and overall day to day operations to help minimize any problems for the future.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Graves County Fiscal Court Failed To Approve Cash Transfers Prior To Them Being Made By The County Treasurer

This is a repeat finding and was included in the prior year audit report as finding 2023-002. During fiscal year 2024, the Graves County Fiscal Court failed to approve cash transfers prior to them being made by the county treasurer. Out of the 12 cash transfers tested, five transfers, totaling \$883,292, were not approved by the fiscal court until after the treasurer had already moved the funds. One transfer totaling \$225,000 was not approved at all.

County personnel believed that a blanket approval order by the fiscal court in a prior year was sufficient authorization for the transfer of funds if the transfers were then approved at the next subsequent meeting. The failure to approve one transfer at a subsequent fiscal court meeting was an oversight. Because cash transfers occurred before the fiscal court's approval, the county's funds were at an increased risk of being misappropriated.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* states, "[a]ll transfers require a court order."

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Timely approval of interfund cash transfers is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend that all cash transfers be presented to and approved by the Graves County Fiscal Court prior to being made by the county treasurer.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Graves County Fiscal Court approves all budgeted cash transfers from the County Treasurer at each Fiscal Court meeting.

Auditor's Reply: While all but one of the transfers were approved, they were not approved before the treasurer made the transfer.

2024-003 The Graves County Fiscal Court Did Not Maintain A Complete And Accurate Schedule Of Leases

The Graves County Fiscal Court leases assets from various vendors. While the county maintained a schedule of leases, the schedule was not complete and accurate because it omitted a lease agreement for medical equipment. According to staff, the lease agreement was erroneously excluded because the 40 leases by the county, the terms of which change each year, made it easy to overlook one. Because the schedule of leases did not include the lease for medical equipment, current year payments were misstated by \$116,561, and outstanding lease obligations were misstated by \$1,049,045. Additionally, the Graves County Fiscal Court was not in compliance with the requirements of Governmental Accounting Standards Board Statement (GASB) 87.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-003 The Graves County Fiscal Did Not Maintain A Complete And Accurate Schedule Of Leases (Continued)

A schedule of leases is a required part of the financial statement reporting package required by the Department for Local Government. Furthermore, GASB Statement 87 of the GASB establishes standards of accounting and financial reporting for leases by lessees and lessors. The note disclosure requirements of this statement apply to financial statements of all state and local governments and should include the following:

- 1) Lessee:
 - a) A general description of its leasing arrangements, including (1) the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined and (2) the existence, terms, and conditions of residual value.
 - b) The total amount of lease, principal, and interest (*if disclosed in agreement*).
- 2) Lessor:
 - a) A general description of its leasing arrangements, including the basis, terms, and conditions.
 - b) The existence, terms, and conditions of options by the lessee to terminate the lease.

Additionally, KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” Maintaining a complete and accurate schedule of leases is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, strong internal controls dictate that Graves County maintain an accurate schedule of leases to ensure that note disclosures are complete and adequate.

We recommend the Graves County Fiscal Court maintain a complete schedule of all leases and follow the standards set forth by GASB Statement 87 to ensure note disclosures are complete and accurate.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The Graves County Treasurer, and Finance Officer are working diligently to ensure the schedule of leases is reported properly.

2024-004 The Graves County Fiscal Court Does Not Have Adequate Controls Over Financial Reporting

The Graves County Fiscal Court does not have adequate controls over financial reporting. Line-item budget amounts reported on the fourth quarter financial statement did not agree with the original budget passed by the fiscal court. Due to a lack of internal controls, clerical errors were made on the fourth quarter financial statement. The fiscal court failed to discover the errors because the financial statement was not compared to the original budget to ensure that the two documents matched.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Graves County Fiscal Court Does Not Have Adequate Controls Over Financial Reporting
 (Continued)

Because line-item budget amounts reported on the quarterly financial statement did not match the original budget, there was an increased risk of the line-items being overspent. Furthermore, the fourth quarter financial statement that was submitted to the DLG was not accurate.

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” Comparison of the quarterly financial statements to the original budget is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the Graves County Fiscal Court strengthen internal controls over financial reporting by ensuring the quarterly financial statements are thoroughly reviewed and free of clerical errors. We further recommend that the quarterly reports be compared to the original budget and budget amendments to ensure budget amounts reported on the fourth quarter financial statement are correct.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The financial statements will be reviewed by both County Treasurer, and Financial Officer to ensure there are no errors in the reporting of our financial statements.

2024-005 The Graves County Fiscal Court Did Not Accurately Report Debt Liabilities

This is a repeat finding and was included in the prior year audit report as finding 2023-004. The Graves County Fiscal Court did not accurately report debt liabilities on the fourth quarter financial statement. The county reported no outstanding debt on the liabilities section of the June 30, 2024 quarterly financial statement. However, the confirmed principal balance of the Graves County Fiscal Court debt was \$113,160.

The county did not report the \$33,301 outstanding principal balance of a body scanner for the jail because the former jailer entered into the financing agreement without fiscal court approval. The county did not report the \$79,859 outstanding balance on a mini excavator because the county believed it had entered into an operating lease. However, after reviewing the contract, the county concluded it was a financing agreement for the purchase of the equipment. Because debt liabilities were not accurately reported, the liabilities section of the June 30, 2024 quarterly financial statement was understated by \$113,160, and the fiscal court is not compliant with KRS 68.210.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires accurate financial records be maintained, which includes the schedule of liabilities.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-005 The Graves County Fiscal Court Did Not Accurately Report Debt Liabilities (Continued)

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The proper reporting of outstanding debt balances is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Additionally, good internal controls require accurate information be presented so that the fiscal court can make informed financial decisions, to include decisions related to budget preparation or making large purchases.

We recommend the Graves County Fiscal Court review debt schedules and the debt liabilities section of the quarterly financial statements to ensure all outstanding principal and interest are reported accurately.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The Graves County Fiscal Court has debt purchase of a Body Scanner that former Graves County Jailer purchased that was not approved by the Graves County Fiscal Court. This will be reported on current year budget.

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

GRAVES COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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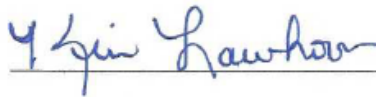
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Graves 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