REPORT OF THE AUDIT OF THE LARUE COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912

CONTENTS PAGE

THIS PAGE LEFT BLANK INTENTIONALLY

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 Blake Durrett, LaRue County Judge/Executive
Members of the LaRue 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 LaRue County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the LaRue 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 LaRue County Fiscal Court, for the year ended June 30, 2025, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the LaRue County Fiscal Court, for the year ended June 30, 2025, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the LaRue 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.

209 St. Clair Street
Frankfort, KY 40601-1817
Telephone 502.564.5841
Facsimile 502.564.2912
auditor.ky.gov

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

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

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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Blake Durrett, LaRue County Judge/Executive
Members of the LaRue 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 LaRue 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 LaRue County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2026, on our consideration of the LaRue 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 LaRue 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 finding:

2025-001 The LaRue County Fiscal Court And Jailer Did Not Follow Bidding Procedures Required By The Model Procurement Code

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 21, 2026

LARUE COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Blake Durrett	County Judge/Executive
Darin Williams	Magistrate
Ricky Whitlock	Magistrate
Dean Higdon	Magistrate
Larry Howell	Magistrate

Other Elected Officials:

Kyle Williamson	County Attorney (July 1, 2024-December 31, 2024)
John Nicholas	County Attorney (January 1, 2025-current)
Jody Perry	Jailer
Rhonda Metcalf	County Clerk
Emily Ernst	Circuit Court Clerk
Brian Smith	Sheriff
Chad Puyear	Property Valuation Administrator
Todd Skaggs	Coroner

Appointed Personnel:

Laura Selman	County Treasurer
Renee Strock	Finance Officer
David Wood	Road Supervisor
Mike Cottrell	EMS Director
Zecharaiah Houk	911 Administrator

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds		
	General Fund	**Road Fund**	**Jail Fund**
RECEIPTS			
Taxes	$ 2,795,130	$	$
Excess Fees	161,402		
Licenses and Permits	43,846		
Intergovernmental	583,560	1,871,689	1,015,238
Charges for Services	1,181,222		39,395
Miscellaneous	199,258	92,867	166,799
Interest	76,553	41,175	4,241
Total Receipts	5,040,971	2,005,731	1,225,673
DISBURSEMENTS			
General Government	1,137,296		
Protection to Persons and Property	2,019,878		1,556,793
General Health and Sanitation	320,316		
Social Services	13,890		
Recreation and Culture	95,025		
Roads		1,966,428	
Debt Service	154,420	35,780	123,536
Capital Projects		250	
Administration	1,427,278	247,046	530,864
Total Disbursements	5,168,103	2,249,504	2,211,193
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(127,132)	(243,773)	(985,520)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	400,000	500,000	960,394
Transfers To Other Funds	(1,450,394)	(400,000)	
Total Other Adjustments to Cash (Uses)	(1,050,394)	100,000	960,394
Net Change in Fund Balance	(1,177,526)	(143,773)	(25,126)
Fund Balance - Beginning (Restated)	2,802,712	242,193	86,617
Fund Balance - Ending	$ 1,625,186	$ 98,420	$ 61,491
Composition of Fund Balance			
Bank Balance	$ 1,098,540	$ 99,090	$ 61,656
Plus: Deposits In Transit			
Less: Outstanding Checks	(27,132)	(670)	(165)
Certificates of Deposit	553,778		
Fund Balance - Ending	$ 1,625,186	$ 98,420	$ 61,491

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

LARUE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2025
(Continued)

Budgeted Funds		Unbudgeted Fund	
County Clerk Storage Fund	Opioid Settlement Fund	Jail Commissary Fund	Total Funds
$	$	$	$ 2,795,130
			161,402
			43,846
			3,470,487
			1,220,617
26,330	52,383	118,672	656,309
40	124,013		246,022
26,370	176,396	118,672	8,593,813
19,596			1,156,892
			3,576,671
			320,316
			13,890
		119,795	214,820
			1,966,428
			313,736
			250
	121,916		2,327,104
19,596	121,916	119,795	9,890,107
6,774	54,480	(1,123)	(1,296,294)
			1,860,394
	(10,000)		(1,860,394)
	(10,000)		
6,774	44,480	(1,123)	(1,296,294)
35,389	152,460	55,171	3,374,542
$ 42,163	$ 196,940	$ 54,048	$ 2,078,248
$ 42,163	$ 131,927	$ 50,383	$ 1,483,759
		8,211	8,211
	(121,916)	(4,546)	(154,429)
	186,929		740,707
$ 42,163	$ 196,940	$ 54,048	$ 2,078,248

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

LARUE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

County Clerk Storage Fee Fund - The primary purpose of this fund is to account for storage fees collected by the county clerk and disbursements related to permanent storage for the county clerk's office. These funds are required to be held and budgeted by the county treasurer for the use of the county clerk.

Opioid Settlement Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the funds received from the state's settlement with three major pharmaceutical distributors in the United States.

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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. LaRue County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting LaRue County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the LaRue County Fiscal Court.

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Organizations and Jointly Governed Organizations

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. Based on these criteria, the LaRue County Water District #1 is considered a related organization of the LaRue County Fiscal Court.

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 do not retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a jointly governed organization. The LaRue County Fiscal Court entered into an agreement with the City of Hodgenville to form the Land of Lincoln Planning and Zoning Commission. Neither governmental entity has ongoing financial interest; therefore, the Land of Lincoln Planning and Zoning Commission is a jointly governed organization.

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

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund	Road Fund	Opioid Fund	Total Transfers In
General Fund	$	$ 400,000	$	$ 400,000
Road Fund	500,000			500,000
Jail Fund	950,394		10,000	960,394
Total Transfers Out	$ 1,450,394	$ 400,000	$ 10,000	$ 1,860,394

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, 2025, was $6,472.

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

Note 5. Commitments – Lease Agreements

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30,
Sheriff's Copier	2/4/2020	5 Years	Monthly	9/4/2020	$ 100	$ 0
Dispatch Office Space	7/1/2023	25 Years	Yearly	7/1/2048	$ 24,000	$ 802,235

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Golf Course Renovations

On October 1, 2007, the LaRue County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of $1,072,000 to refinance the existing mortgage on the renovation of the golf course of the LaRue County Golf Association, Inc. (golf association). Principal is payable annually on January 20 and interest is payable monthly on the 20th of each month. The interest rate is variable. The maturity date of the lease is January 20, 2034. The agreement is secured by the fiscal court's security interest in the property being refinanced by the agreement. In the event of default, the KACoLT is entitled to the fiscal court's security interest in the property being refinanced. The fiscal court entered into a sublease on the same date with the golf association for the golf association to reimburse the fiscal court or make all rental payments and other charges owed by the fiscal court to KACoLT. As a provision of the sublease, on December 27, 2007, a mortgage was made between the golf association and the fiscal court conveying the covenant of general warranty for the property described in the mortgage to the fiscal court for the loan of $1,072,000. The golf association will owe the principal plus interest due to be payable 30 years from date of sublease. In the event of default, the fiscal court will get the mortgaged property. The golf association makes the payments directly to the trustee for principal and interest of the obligation. During fiscal year 2025, the golf association paid debt service of $56,238 on behalf of the LaRue County Fiscal Court. The outstanding principal balance as of June 30, 2025, was $522,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2026	$ 45,000	$ 27,287
2027	50,000	24,800
2028	55,000	22,070
2029	55,000	19,108
2030	60,000	15,232
2031-2034	257,000	32,705
Totals	$ 522,000	$ 141,202

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Financing Program Revenue Bonds, 2017 First Series G

On December 20, 2017, LaRue County Fiscal Court entered into an agreement with the Kentucky Association of Counties Finance Corporation (corporation) in the amount of $1,030,000 to retire part of the Financing Program Revenue Bonds, Series 2011 A. The 2011 funds were refinanced for a lower interest rate resulting in savings of approximately $72,210. Principal and interest payments are due on the 20th of each month until December 20, 2030. The interest rate is variable. In the event of default, the corporation may take appropriate court action to enforce the pledge of the full faith, credit, and revenue of the fiscal court so that during the remaining lease term the fiscal court levies on all taxable property, in addition to other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the rental payments; take legal title to, and sell or re-lease the project or any portion thereof; or take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this agreement or to enforce performance by the fiscal court of the applicable covenants and agreements of the fiscal court under this agreement and to recover damages for the breach of the agreement. The outstanding principal balance as of June 30, 2025, was $602,500. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2026	$ 100,000	$ 23,549
2027	105,000	18,824
2028	110,000	14,361
2029	115,000	10,261
2030	115,000	5,555
2031	57,500	3,296
Totals	$ 602,500	$ 75,846

3. General Obligation Lease – Radio Towers

On September 28, 2023, LaRue County Fiscal Court entered into an agreement with the Kentucky Association of Counties Finance Corporation (corporation) in the amount of $800,000 with a premium of $8,403 to finance the acquisition, construction, installation and equipping of radio towers. Principal is payable annually on December 20 and interest is payable semiannually on December 20 and June 20. The interest rate is variable. The maturity date of the lease is December 20, 2037. In the event of default, the corporation may take appropriate court action to enforce the pledge of the full faith, credit, and revenue of the fiscal court so that during the remaining lease term the fiscal court levies on all taxable property, in addition to other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the rental payments; take legal title to, and sell or re-lease the project or any portion thereof; or take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this agreement or to enforce performance by the fiscal court of the applicable covenants and agreements of the fiscal court under this agreement and to recover damages for the breach of the agreement. The outstanding principal balance as of June 30, 2025, was $750,000. Future principal and interest requirements are:

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

Note 6. Long-term Debt (Continued)

B. Direct Borrowings and Direct Placements (Continued)

3. General Obligation Lease – Radio Towers (Continued)

Fiscal Year Ended June 30	Principal		Interest	
2026	$	40,000	$	37,622
2027		45,000		35,337
2028		45,000		32,907
2029		50,000		30,352
2030		50,000		27,652
2031-2035		300,000		92,730
2036-2038		220,000		16,300
Totals	$	750,000	$	272,900

4. Local Government Revolving Loan Fund – Asphalt Zipper

On April 2, 2024, LaRue County Fiscal Court entered into local government revolving loan fund loan agreement with the Lincoln Trail Area Development District (LTADD) in the amount of $287,700 to purchase an asphalt zipper for the road department. This transaction is a related party transaction as discussed in Note 11. Monthly payments of principal and interest in the amount of $2,982 are due on the 15th of each month until April 15, 2034. The annual interest rate is 4.50%. In the event of default, LTADD may take possession of the collateral and sell or dispose of collateral. LTADD may also pursue any and all other remedies available under law to enforce the terms of this agreement. The outstanding principal balance as of June 30, 2025, was $260,401. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal		Interest	
2026	$	24,565	$	11,216
2027		25,693		10,087
2028		26,873		8,907
2029		28,108		7,672
2030		29,399		6,381
2031-2034		125,763		11,392
Totals	$	260,401	$	55,655

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

Note 6. Long-term Debt (Continued)

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 2,338,387	$	$ 203,486	$ 2,134,901	$ 209,565
Total Long-Term Debt	$ 2,338,387	$ 0	$ 203,486	$ 2,134,901	$ 209,565

D. Aggregate Debt Schedule

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

	Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest
2026	209,565	99,674
2027	225,693	89,048
2028	236,873	78,245
2029	248,108	67,393
2030	254,399	54,820
2031-2035	740,263	140,123
2036-2038	220,000	16,300
Totals	$ 2,134,901	$ 545,603

Note 7. Commitments and Contingencies

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

Note 8. Employee Retirement System

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

The county's contribution for FY 2023 was $786,715, FY 2024 was $845,565, and FY 2025 was $739,504.

Note 8. 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 be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

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

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

The county's contribution rate for nonhazardous employees was 19.71%.

Hazardous

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

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

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

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

Note 8. Employee Retirement System (Continued)

Hazardous (Continued)

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

The county's contribution rate for hazardous employees was 38.61%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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.

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

B. Health Insurance Coverage - Tier 2 and Tier 3 – Nonhazardous (Continued)

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

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

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

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports may also be obtained online at https://kyret.ky.gov.

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

G. Annual Financial Report and Proportionate Share Audit Report (Continued)

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

Note 9. Deferred Compensation

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

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

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

Note 10. Insurance

For the fiscal year ended June 30, 2025, the LaRue County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Related Party Transactions

A. Lincoln Trail Area Development District Revolving Loan

Blake Durrett, LaRue County Judge/Executive, is on the board of directors for Lincoln Trail Area Development District (LTADD), as result of his elected position. He also serves on the LTADD's budget committee. LTADD is a 47-member board of directors made up of 20 citizen members, 2 members of the Kentucky General Assembly, a representative of the Commanding General at Fort Knox, and 24 local elected officials from the following counties: Breckinridge, Grayson, Hardin, LaRue, Marion, Meade, Nelson, and Washington. On October 24, 2023, the LaRue County Fiscal Court voted to accept the bid for lending on an asphalt zipper from a local government revolving loan fund (RLF) loan agreement with the LTADD.

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

Note 11. Related Party Transactions (Continued)

A. Lincoln Trail Area Development District Revolving Loan (Continued)

On November 14, 2023, the fiscal court approved the contract for the application for a local government RLF loan agreement with the LTADD. On April 2, 2024, the LaRue County Fiscal Court entered into a local government RLF loan agreement with the LTADD for $287,700 for ten years with fixed rate of 4.50% to purchase an asphalt zipper. The monthly payments will be $2,982. The loan was approved by LTADD's RLF committee and the LTADD's board of directors. Judge Durrett is not a member of the RLF committee.

B. LaRue County Industrial Foundation Grant and Contributions

Blake Durrett, LaRue County Judge/Executive, is on the board of directors for LaRue County Industrial Foundation, Inc., as result of his elected position. He also serves as president for the board of directors. In addition, one magistrate also serves on the board of directors as a result of his elected position. Ricky Whitlock served from January 1, 2024 to December 31, 2024 and Dean Higdon served from January 1, 2025 to December 31, 2025. LaRue County Industrial Foundation, Inc. is a 6-member board of directors made up of the county judge/executive, one magistrate, the mayor of Hodgenville, and 3 citizen members who are appointed by the other board members. On May 25, 2023, the LaRue County Fiscal Court and LaRue County Industrial Foundation, Inc. entered into a grant agreement with the Kentucky Cabinet for Economic Development in the amount of $361,345 to acquire property for the proposed industrial park. During fiscal year 2025, the fiscal court contributed $30,000 to the Industrial Foundation.

Note 12. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance for industrial facilities and economic development 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 LaRue County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2025, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 13. Prior Period Adjustments

Financial Statement beginning balances were restated as follows:

Road Fund:

Fund Balance - Beginning	$	242,109
Adjustment for Voided Checks		84
Total Fund Balance - Ending	$	242,193

Jail Commissary Fund:

Fund Balance - Beginning	$	54,845
Adjustment for Voided Checks		326
Total Fund Balance - Ending	$	55,171

THIS PAGE LEFT BLANK INTENTIONALLY

LARUE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

LARUE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 2,685,000	$ 2,685,000	$ 2,795,130	$ 110,130
In Lieu Tax Payments	6,000	6,000		(6,000)
Excess Fees	175,000	175,000	161,402	(13,598)
Licenses and Permits	43,900	43,900	43,846	(54)
Intergovernmental	1,058,396	1,079,918	583,560	(496,358)
Charges for Services	1,090,000	1,090,000	1,181,222	91,222
Miscellaneous	126,200	150,125	199,258	49,133
Interest	135,000	135,000	76,553	(58,447)
Total Receipts	5,319,496	5,364,943	5,040,971	(323,972)
DISBURSEMENTS				
General Government	2,680,603	2,733,008	1,137,296	1,595,712
Protection to Persons and Property	2,240,100	2,240,504	2,019,878	220,626
General Health and Sanitation	356,502	369,063	320,316	48,747
Social Services	12,900	22,080	13,890	8,190
Recreation and Culture	116,300	119,170	95,025	24,145
Debt Service	154,420	154,420	154,420	
Administration	1,708,700	1,571,677	1,427,278	144,399
Total Disbursements	7,269,525	7,209,922	5,168,103	2,041,819
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,950,029)	(1,844,979)	(127,132)	1,717,847
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			400,000	400,000
Transfers To Other Funds	(978,007)	(978,007)	(1,450,394)	(472,387)
Total Other Adjustments to Cash (Uses)	(978,007)	(978,007)	(1,050,394)	(72,387)
Net Change in Fund Balance	(2,928,036)	(2,822,986)	(1,177,526)	1,645,460
Fund Balance - Beginning	2,928,036	2,928,036	2,802,712	(125,324)
Fund Balance - Ending	$ 0	$ 105,050	$ 1,625,186	$ 1,520,136

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,872,920	$ 2,112,344	$ 1,871,689	$ (240,655)
Miscellaneous	500	500	92,867	92,367
Interest	85,000	85,000	41,175	(43,825)
Total Receipts	1,958,420	2,197,844	2,005,731	(192,113)
DISBURSEMENTS				
Roads	1,727,600	2,162,345	1,966,428	195,917
Debt Service	35,781	35,781	35,780	1
Capital Projects		59,755	250	59,505
Administration	378,130	287,122	247,046	40,076
Total Disbursements	2,141,511	2,545,003	2,249,504	295,499
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(183,091)	(347,159)	(243,773)	103,386
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			500,000	500,000
Transfers To Other Funds			(400,000)	(400,000)
Total Other Adjustments to Cash (Uses)			100,000	100,000
Net Change in Fund Balance	(183,091)	(347,159)	(143,773)	203,386
Fund Balance - Beginning (Restated)	183,091	242,109	242,193	84
Fund Balance - Ending	$ 0	$ (105,050)	$ 98,420	$ 203,470

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,237,000	$ 1,237,000	$ 1,015,238	$ (221,762)
Charges for Services	45,000	45,000	39,395	(5,605)
Miscellaneous	40,000	40,000	166,799	126,799
Interest	1,000	1,000	4,241	3,241
Total Receipts	1,323,000	1,323,000	1,225,673	(97,327)
DISBURSEMENTS				
Protection to Persons and Property	1,547,970	1,641,052	1,556,793	84,259
Debt Service	123,537	123,537	123,536	1
Administration	639,500	556,418	530,864	25,554
Total Disbursements	2,311,007	2,321,007	2,211,193	109,814
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(988,007)	(998,007)	(985,520)	12,487
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	978,007	978,007	960,394	(17,613)
Total Other Adjustments to Cash (Uses)	978,007	978,007	960,394	(17,613)
Net Change in Fund Balance	(10,000)	(20,000)	(25,126)	(5,126)
Fund Balance - Beginning	10,000	10,000	86,617	76,617
Fund Balance - Ending	$ 0	$ (10,000)	$ 61,491	$ 71,491

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

	COUNTY CLERK STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 26,000	$ 26,000	$ 26,330	$ 330
Interest			40	40
Total Receipts	26,000	26,000	26,370	370
DISBURSEMENTS				
General Government	20,000	20,000	19,596	404
Administration	46,360	46,360		46,360
Total Disbursements	66,360	66,360	19,596	46,764
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(40,360)	(40,360)	6,774	47,134
Net Change in Fund Balance	(40,360)	(40,360)	6,774	47,134
Fund Balance - Beginning	40,360	40,360	35,389	(4,971)
Fund Balance - Ending	$ 0	$ 0	$ 42,163	$ 42,163

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

OPIOID SETTLEMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary	Variance with Final Budget Positive
	Original	Final	Basis)	(Negative)
RECEIPTS				
Miscellaneous	$	$ 36,430	$ 52,383	$ 15,953
Interest	2,500	2,500	124,013	121,513
Total Receipts	2,500	38,930	176,396	137,466
DISBURSEMENTS				
Administration	154,947	181,377	121,916	59,461
Total Disbursements	154,947	181,377	121,916	59,461
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(152,447)	(142,447)	54,480	196,927
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(10,000)	(10,000)
Total Other Adjustments to Cash (Uses)			(10,000)	(10,000)
Net Change in Fund Balance	(152,447)	(142,447)	44,480	186,927
Fund Balance - Beginning	152,447	152,447	152,460	13
Fund Balance - Ending	$ 0	$ 10,000	$ 196,940	$ 186,940

LARUE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

Note 1. Budgetary Information

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

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

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

LARUE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

LARUE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	$ 1,043,890	$	$	$ 1,043,890
Buildings	10,638,217			10,638,217
Construction in Progress	661,059	136,958		798,017
Other Equipment	3,536,770	838,244		4,375,014
Vehicles and Equipment	2,267,124	455,590	268,333	2,454,381
Infrastructure	12,273,876	838,312		13,112,188
Total Capital Assets	$ 30,420,936	$ 2,269,104	$ 268,333	$ 32,421,707

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

June 30, 2025

Note 1. Capital Assets

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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 Blake Durrett, LaRue County Judge/Executive
Members of the LaRue 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 LaRue County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the LaRue County Fiscal Court's financial statement and have issued our report thereon dated April 21, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

209 St. Clair Street
Frankfort, KY 40601-1817

Telephone 502.564.5841
Facsimile 502.564.2912
auditor.ky.gov

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the LaRue County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2025-001.

Views of Responsible Officials and Planned Corrective Action

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

April 21, 2026

LARUE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

LARUE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The LaRue County Fiscal Court And Jailer Did Not Follow Bidding Procedures Required By The Model Procurement Code

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The fiscal court and jailer are not in compliance with the model procurement code adopted by the county related to bidding and contracts. The jailer did not advertise for bid disbursements of $167,518 for the detention center's commissary vendor. In addition, the jailer advertised in the newspaper for bids on food service on April 10, 2024, however the approval of the bid was not documented in the fiscal court minutes.

Cause

These exceptions occurred due to lack of management oversight over bidding and contract procedures. The jailer was not aware that commissary items were required to be bid. The jailer stated the commissary vendor had told him that bidding for this item was not required but rather was at the discretion of the jailer.

Effect

As a result, the fiscal court and jailer were not in compliance with the model procurement code adopted by the fiscal court related to bidding and contracts. In addition, the fiscal court and jailer may not have received the best value for services or products provided.

Criteria

The Larue County Fiscal Court has adopted the provisions of the Kentucky Model Procurement Code under KRS 45A.345 to KRS 45A.460.

KRS 45A.365(1) states, in part, "All contracts or purchases shall be awarded by competitive sealed bidding, which may include the use of a reverse auction, except as otherwise provided by KRS 45A.370 to 45A.385…." The procurements described in this finding did not comply with the requirements of other non-bidding alternatives provided under 45A.370 to 45A.385.

Further, KRS 45A.365(4) states, "The bids shall be opened publicly or entered through a reverse auction at the time and place designated in the invitation for bids. Each written or reverse auction bid, together with the name of the bidder, shall be recorded and be open to public inspection. Electronic bid opening and posting of the required information for public viewing shall satisfy the requirements of this subsection."

Section 164 of the Kentucky Constitution also states, "No county, city, town, taxing district or other municipality shall be authorized or permitted to grant any franchise or privilege, or make any contract in reference thereto, for a term exceeding twenty years. Before granting such franchise or privilege for a term of years, such municipality shall first, after due advertisement, receive bids therefor publicly, and award the same to the highest and best bidder; but it shall have the right to reject any or all bids."

Recommendation

We recommend the fiscal court follow the model procurement code adopted by the county.

2025-001 The LaRue County Fiscal Court And Jailer Did Not Follow Bidding Procedures Required By The Model Procurement Code (Continued)

Views of Responsible Official and Planned Corrective Action (Continued)

Jailer's Response: We disagree regarding the failure to bid food service. A purchase order for the purchase of advertising was submitted. The notice was advertised in the local paper for 2 weeks 10 April 24 and again on 17 April 24. Bids awarded were reported in the May 1st 2024 edition of the News Paper. The proof of the bid notice in the paper was provided to the Auditor. Also, the newspaper article which reported the bid being awarded is attached to this response. Regardless of it not being found in the Fiscal Court minutes, I have no control of what is entered into the minutes by the clerk. The newspaper ads and article reporting the fiscal court awarding the bids should suffice as proof the notice of bid acceptance were completed.

Corrective Action Plan: No action is needed as bids were taken and awarded by fiscal court. Upon maturation of current contracts in 2027 Food Services and medical services will be due for bid. Notice of Bid Acceptance will be advertised in the first quarter of 2027.

Auditor Reply: As stated above, the jailer failed to advertise for bids for a jail commissary vendor contract. Additionally, there was no documented fiscal court approval for the acceptance of the jail's food service contract bid. All contract approvals should be properly documented in the minutes of the fiscal court meetings. Newspaper articles are prepared by a third party and do not constitute documentation of the fiscal court's actions.