

**REPORT OF THE AUDIT OF THE  
WOLFE 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 Raymond Banks, Wolfe County Judge/Executive  
Members of the Wolfe 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 Wolfe County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Wolfe 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 Wolfe 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 Wolfe 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 Wolfe County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Raymond Banks, Wolfe County Judge/Executive  
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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 Wolfe 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***

Wolfe 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 Wolfe 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 Wolfe 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 Raymond Banks, Wolfe County Judge/Executive  
Members of the Wolfe 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 Wolfe 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 Wolfe 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  
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The Honorable Raymond Banks, Wolfe County Judge/Executive  
Members of the Wolfe County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026, on our consideration of the Wolfe 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 Wolfe 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 Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements
- 2024-002 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Solid Waste Collections And Tourism Transient Tax Collections
- 2024-003 The Wolfe County Fiscal Court Did Not Prepare a Financial Statement Or Report Liabilities For A Component Unit And Other Liabilities Were Misstated
- 2024-004 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 6, 2026

**WOLFE COUNTY OFFICIALS**  
**For The Year Ended June 30, 2024**

**Fiscal Court Members:**

Raymond Banks	County Judge/Executive
Arthur Vest	Magistrate
Gene Booth	Magistrate
James Banks	Magistrate

**Other Elected Officials:**

Stephen Johnson	County Attorney
Albert Lykins	Jailer
Corinna Groves	County Clerk
Debbie Sparks	Circuit Court Clerk
Greg Banks	Sheriff
Justina Smith	Property Valuation Administrator
James Frank Porter	Coroner

**Appointed Personnel:**

Porter Harris	County Treasurer
Kelli Ratliff Evans	Chief Financial Officer

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

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 1,142,220	\$	\$	\$
In Lieu Tax Payments	44,386	24,409		
Excess Fees	39,733			
Licenses and Permits	1,406			
Intergovernmental	711,087	974,680	95,334	146,277
Charges for Services	2,000			
Miscellaneous	222,996	171,010		
Interest				
Total Receipts	<u>2,163,828</u>	<u>1,170,099</u>	<u>95,334</u>	<u>146,277</u>
<b>DISBURSEMENTS</b>				
General Government	1,116,565		2,492	16,400
Protection to Persons and Property	68,222		445,807	
General Health and Sanitation	38,252			48,689
Social Services	17,575			
Recreation and Culture	2,400			
Roads		836,023		
Debt Service		280,962		
Capital Projects				
Administration	500,562	157,013	21,362	33,198
Total Disbursements	<u>1,743,576</u>	<u>1,273,998</u>	<u>469,661</u>	<u>98,287</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>420,252</u>	<u>(103,899)</u>	<u>(374,327)</u>	<u>47,990</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	743,807	108,000	374,000	
Transfers To Other Funds	(447,989)	(100,000)		
Total Other Adjustments to Cash (Uses)	<u>295,818</u>	<u>8,000</u>	<u>374,000</u>	
Net Change in Fund Balance	716,070	(95,899)	(327)	47,990
Fund Balance - Beginning (Restated)	<u>83,294</u>	<u>96,014</u>	<u>4,410</u>	<u>33,284</u>
Fund Balance - Ending	<u>\$ 799,364</u>	<u>\$ 115</u>	<u>\$ 4,083</u>	<u>\$ 81,274</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 817,970	\$ 185,944	\$ 4,083	\$ 81,274
Less: Outstanding Checks	(18,606)	(185,829)		
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 799,364</u>	<u>\$ 115</u>	<u>\$ 4,083</u>	<u>\$ 81,274</u>

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

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

<b>Budgeted Funds</b>				
<b>Fire Protection Fund</b>	<b>Solid Waste Fund</b>	<b>Clerk's Document Storage Fee Fund</b>	<b>E-911 Fund</b>	<b>Opioid Settlement Fund</b>
\$ 2,298	\$	\$	\$ 54,050	\$
	1,000			
	247,350		152,951	
	131,948			
	267,780	12,540	476	123,217
<u>2,298</u>	<u>648,078</u>	<u>12,540</u>	<u>207,477</u>	<u>123,217</u>
		15,000		
2,317			193,298	
	340,270			
	191,926			
	80,069		38,981	
<u>2,317</u>	<u>612,265</u>	<u>15,000</u>	<u>232,279</u>	
<u>(19)</u>	<u>35,813</u>	<u>(2,460)</u>	<u>(24,802)</u>	<u>123,217</u>
<u>(19)</u>	<u>35,813</u>	<u>(2,460)</u>	<u>(24,802)</u>	<u>123,217</u>
<u>2,294</u>	<u>159,407</u>	<u>6,471</u>	<u>84,226</u>	<u>117,346</u>
<u>\$ 2,275</u>	<u>\$ 195,220</u>	<u>\$ 4,011</u>	<u>\$ 59,424</u>	<u>\$ 240,563</u>
\$ 2,275	\$ 401,369	\$ 4,011	\$ 60,416	\$ 240,563
	(206,149)		(992)	
<u>\$ 2,275</u>	<u>\$ 195,220</u>	<u>\$ 4,011</u>	<u>\$ 59,424</u>	<u>\$ 240,563</u>

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

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

	<b>Budgeted Funds</b>			
	<b>Revolving Grant Fund</b>	<b>American Recovery Plan Act (ARPA) Fund</b>	<b>Special Projects - Water Tank Fund</b>	<b>Citizens United Against Drugs Fund</b>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
In Lieu Tax Payments				
Excess Fees				
Licenses and Permits				
Intergovernmental		65,989	42,637	108,177
Charges for Services				
Miscellaneous				9,967
Interest			3,323	
Total Receipts		<u>65,989</u>	<u>45,960</u>	<u>118,144</u>
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property				
General Health and Sanitation				
Social Services				92,449
Recreation and Culture				
Roads				
Debt Service				
Capital Projects			42,637	
Administration				23,924
Total Disbursements			<u>42,637</u>	<u>116,373</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>65,989</u>	<u>3,323</u>	<u>1,771</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds		165,989		
Transfers To Other Funds		<u>(843,807)</u>		
Total Other Adjustments to Cash (Uses)		<u>(677,818)</u>		
Net Change in Fund Balance		(611,829)	3,323	1,771
Fund Balance - Beginning (Restated)		<u>743,807</u>	<u>105,538</u>	<u>899</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 131,978</u>	<u>\$ 108,861</u>	<u>\$ 2,670</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$	\$ 131,978	\$ 18	\$ 6,355
Less: Outstanding Checks				(3,685)
Certificates of Deposit			<u>108,843</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 131,978</u>	<u>\$ 108,861</u>	<u>\$ 2,670</u>

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

**WOLFE 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>College Fund</u>	<u>Tourism Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$ 244,279	\$	\$ 1,442,847
			68,795
			39,733
			2,406
		802,300	3,346,782
			133,948
500,000			1,307,986
		1,365	4,688
<u>500,000</u>	<u>244,279</u>	<u>803,665</u>	<u>6,347,185</u>
			1,150,457
			709,644
			427,211
			110,024
	244,000		246,400
			836,023
		802,300	1,275,188
			42,637
			855,109
	<u>244,000</u>	<u>802,300</u>	<u>5,652,693</u>
<u>500,000</u>	<u>279</u>	<u>1,365</u>	<u>694,492</u>
			1,391,796
			(1,391,796)
<u>500,000</u>	<u>279</u>	<u>1,365</u>	<u>694,492</u>
		1,257	1,438,247
<u>\$ 500,000</u>	<u>\$ 279</u>	<u>\$ 2,622</u>	<u>\$ 2,132,739</u>
\$ 500,000	\$ 43,279	\$ 2,622	\$ 2,482,157
	(43,000)		(458,261)
			108,843
<u>\$ 500,000</u>	<u>\$ 279</u>	<u>\$ 2,622</u>	<u>\$ 2,132,739</u>

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

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TO THE FINANCIAL STATEMENT**

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**WOLFE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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

**WOLFE 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.

Fire Protection Fund - The primary purpose of this fund is to account for the receipt of fire acres tax paid and disbursements for fire protection distributed to other governmental entities.

Solid Waste Fund - The primary purpose of this fund is to account for garbage collection related activities. The primary source of receipts for this fund is tipping fees for garbage collection remitted to the county by solid waste contractors.

Clerk's Document Storage Fee Fund - The primary purpose of this fund is to account for document storage fees collected by the county clerk that are transferred to the fiscal court. These funds are used to at the request of the clerk for permanent storage and access to records in the clerk's office per statute.

E-911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Opioid Settlement Fund - The primary purpose of this fund is to account for distributions of a class action lawsuit settlement related to the opioid epidemic, which is the only source of revenue for this fund. Disbursements from this fund are for expenses the entity incurs as a result of the opioid epidemic and substance use disorder.

Revolving Grant Fund - The primary purpose of this fund is to account for a grant and matching funds to purchase sheriff's vehicles.

American Recovery Plan Act (ARPA) Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are federal grants received under the American Recovery Plan Act.

Special Projects - Water Tank Fund - The primary purpose of this fund is to account for grants and related disbursements for the water tank project. The primary source of receipts for this fund is grants from the state and federal governments.

Citizens United Against Drugs Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are grants from the state and federal governments.

College Fund - The primary purpose of this fund is to account for loans, grants, and donations received for the purpose of constructing a branch of Hazard Community and Technical College in Wolfe County. This will be a drawdown fund used to pay contractors as work is completed.

Tourism Fund - The primary purpose of this fund is to account for tourism transient tax collections. The receipts from this fund are to be used to market and promote tourism within Wolfe County, Kentucky.

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

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

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

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

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

**D. Budgetary Information**

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

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

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

The state local finance officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Wolfe County Elected Officials**

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

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

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

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

**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 Obligations 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. Based on these criteria, the following are considered related organizations of the Wolfe County Fiscal Court:

Wolfe County Search & Rescue

Wolfe County Search & Rescue is a volunteer organization that provides services to the Red River Gorge area, including Wolfe County Emergency Management, for search and rescue activities. Due to the reliance on donations and volunteers for operations, the Wolfe County Fiscal Court provides financial support in the form of insurance coverage for acquired assets so that revenues can be applied to operations of the organization rather than administrative costs in the interest of public service, health, and safety.

Wolfe County Animal Shelter, Inc.

Wolfe County Animal Shelter, Inc. is a not-for-profit entity established to provide support for animal welfare efforts in the community. This entity provides financial support to the Wolfe County Animal Shelter, which is owned and operated by the Wolfe County Fiscal Court. Donations to the shelter are received by Wolfe County Animal Shelter, Inc. so that donations may be tax deductible due to the not-for-profit status of Wolfe County Animal Shelter, Inc. Funds received by Wolfe County Animal Shelter, Inc. are intended to provide operating support to the shelter in the form of food, equipment, veterinary care, medicines, cleaning supplies, etc.

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 these criteria, the following are considered joint ventures of the Wolfe County Fiscal Court:

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

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

**H. Related Obligations and Joint Ventures (Continued)**

Three Forks Regional Jail

On October 6, 2000, the Counties of Lee, Owsley and Wolfe (the participating counties) entered into an interlocal cooperation agreement in order to provide for joint and cooperative action in the acquisition, construction, installation, maintenance and financing of the Three Forks Regional Jail. Pursuant to this interlocal agreement, Lee County (the lead county) established the Three Forks Public Properties Corporation, a legally separate organization, to act as an agency and instrumentality of the participating counties in financing the acquisition and construction of the Three Forks Regional Jail. On December 1, 2000, the three participating counties established the Three Forks Regional Jail Authority pursuant to the provisions of KRS 441.800 and KRS 441.810 to act as the constituted authority of the participating counties in the acquisition, construction, equipping and operation of the Three Forks Regional Jail.

The Three Forks Regional Jail Authority and the Three Forks Public Properties Corporation are comprised of an eight-member board of directors. Lee County appoints three of the eight members. Wolfe and Owsley counties appoint two members each. In addition, the Lee County jailer is a required member of the board.

On December 1, 2000, the corporation issued \$6,295,000 First Mortgage Revenue Bonds, Series 2000. In 2012, the bonds were refunded with \$5,570,000 of Kentucky Bond Corporation Financing Program Revenue Bonds, 2012 First Series D that are scheduled to mature in February 2032.

The 2012 First Series D Bonds are not general obligations of the issuer or any participant, except to the extent of a participant's obligations under its financing agreement, but are special and limited payable solely from the Trustee Estate.

Under the terms of the financing agreements, repayment schedules are established to enable the issuer to meet the principal and interest requirements of the related bonds. No participant is, however, responsible for the failure of any other participant to pay its obligations under a financing agreement. Each participating county covenants to meet its proportionate share of the debt service requirements on the bonds as follows: 40% for Lee County, 22% for Owsley County and 38% for Wolfe County. The principal amount outstanding as of June 30, 2024, attributable to Wolfe County is \$1,007,000.

A copy of the Three Forks Regional Jail Authority's most recent audit report may be obtained at Three Forks Regional Jail, 2475 Center Street, Beattyville, Kentucky 41311.

Wolfe-Morgan Multi-County Industrial Development Authority

In April 2011, Wolfe and Morgan Counties entered into an interlocal agreement creating the Wolfe-Morgan Multi-County Industrial Development Authority. The Authority was developed for the acquisition, development and retention of industry in Wolfe and Morgan Counties. The Authority is comprised of a five-member board of directors. Wolfe and Morgan Counties appoint one member each. Both the Wolfe County and Morgan County Judge/Executives are members. In addition, the counties jointly appoint the remaining member.

**WOLFE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2024**  
**(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 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	Road Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$	\$ 743,807	\$ 743,807
Road Fund	8,000		100,000	108,000
Jail Fund	374,000			374,000
ARPA Fund	65,989	100,000		165,989
Total Transfers Out	<u>\$ 447,989</u>	<u>\$ 100,000</u>	<u>\$ 843,807</u>	<u>\$ 1,391,796</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. Leases**

**A. Lessor**

The Chop Shop

On October 11, 2021, the Wolfe County Fiscal Court entered into a lease agreement with The Chop Shop for a parcel of land owned by the county adjacent to the current operating location of The Chop Shop. The lease requires \$1,000 monthly payments for five years beginning October 1, 2021 and ending September 30, 2026 and requires The Chop Shop to pay all applicable property taxes. The lease can be extended for another five years with the same terms upon mutual agreement of the parties. The Wolfe County Fiscal Court recognized \$12,000 in lease revenue during the current fiscal year for this lease. As of June 30, 2024, the Wolfe County Fiscal Court's receivable for lease payments was \$27,000.

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

**Note 4. Leases (Continued)**

**A. Lessor (Continued)**

The Chop Shop (Continued)

The future lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended	Principal
<u>June 30</u>	
2025	\$ 12,000
2026	12,000
2027	<u>3,000</u>
	<u>\$ 27,000</u>

Administrative Office of the Courts (AOC)

On August 11, 2016, the Wolfe County Fiscal Court, Wolfe County Public Properties Corporation, and the Kentucky Administrative Office of the Courts (AOC) entered into a lease agreement for use of the judicial center. The rental payments are paid directly to the financial institution by AOC and are equal the amount of first mortgage refunding revenue bonds, series 2016 per the bond repayment schedule as noted in Note 6 B.1. The lease is renewable July 1 of even numbered years for a biennial period of two years with 60 day written notice required by either party to terminate the agreement. The Wolfe County Fiscal Court recognized \$803,665 in revenues for this lease during the current fiscal year.

**B. Lease and Sublease**

Wolfe County High School, LLLP

On December 9, 2014, the Wolfe County Fiscal Court (lessor) entered into an agreement to lease property located at 166 Wolfe County Elementary School Road, (surplus fiscal court property), to Wolfe County High School, LLLP (lessee) for the purpose of creating affordable housing for senior citizens, including a community center within the project. Wolfe County High School, LLLP will lease the property for one dollar per year for a term of 50 years. The lessee has agreed that all improvements made to the leased premises shall become the property of the county upon expiration, cancellation and/or termination of this lease agreement, or upon notice thereof. Also, on December 9, 2014, the Wolfe County Fiscal Court (lessee) entered into an agreement to sublease the community center portion of the property from Wolfe County High School, LLLP (lessor) for a base rate of one dollar per year for 20 years. The fiscal court will be responsible for all community center utility expenses which are metered separately from the housing property and prorated amounts for other expenses.

Kubota Lease

On March 22, 2024, the Wolfe County Fiscal Court entered into a four-year lease agreement as lessee for the acquisition and use of a tractor to be used by the road department. An initial lease liability was recorded in the amount of \$57,772 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$54,161. The Wolfe County Fiscal Court is required to make monthly principal payments of \$1,204.

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

**Note 4. Leases (Continued)**

**B. Lease and Sublease (Continued)**

Kubota Lease (Continued)

The future lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended	Principal
<u>June 30</u>	
2025	\$ 14,443
2026	14,443
2027	14,443
2028	<u>10,832</u>
	<u>\$ 54,161</u>

**Note 5. Subscription-Based Information Technology Arrangements (SBITA)**

Election Equipment Subscription

The Wolfe County Fiscal Court entered into a subscription-based technology arrangement for election equipment software for the county clerk's office. The initial cost of \$100,125 included election equipment and the initial annual subscription cost. The subscription is automatically renewed for two year periods until cancellation by one or both parties. The Wolfe County Fiscal Court will receive the right-to-use subscription asset (intangible asset) with renewal subscription costs totaling \$7,320 to be paid annually. As of June 30, 2024, the value of the subscription liability was \$7,320 as the fiscal court is only obligated for the annual subscription fee until renewal in fiscal year 2025.

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Blacktop**

On October 9, 2013, the Wolfe County Fiscal Court entered into a \$1,000,000 direct borrowing agreement with the Kentucky Association of Counties Leasing Trust to blacktop county roads. The lease agreement requires monthly payments, at an interest rate of 3.84% per annum, with a final payment due on January 20, 2029. In the event of default, a direct tax shall be levied annually in an amount sufficient to pay the financing obligation lease payments when and as due. As of June 30, 2024, the principal outstanding is \$367,500. Future principal and interest requirements are as follows:

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

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**1. Blacktop (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 68,750	\$ 15,787
2026	77,084	14,083
2027	82,083	10,647
2028	87,083	6,871
2029	52,500	2,677
Totals	<u>\$ 367,500</u>	<u>\$ 50,065</u>

**2. Truck – Road Department**

On July 21, 2022, the county entered into a 17-month direct borrowing agreement with Kentucky Association of Counties Leasing Trust totaling \$163,537 for a truck used by the road department. The agreement called for a fixed interest rate of 3.74% and requires monthly interest payments with one principal payment due at the end of the agreement. The county plans to auction this equipment near the end of the agreement and use those proceeds to pay off the principal due. In the event of default, the county would have to immediately return the equipment, which was used as collateral for the agreement. The balance of the lease was paid in full June 24, 2024.

**3. Truck – Solid Waste Department**

On July 21, 2022, the county entered into a 17-month direct borrowing agreement with Kentucky Association of Counties Leasing Trust totaling \$181,374 for a truck used by the road department. The agreement called for a fixed interest rate of 3.74% and requires monthly interest payments with one principal payment due at the end of the agreement. The county plans to auction this equipment near the end of the agreement and use those proceeds to pay off the principal due. In the event of default, the county would have to immediately return the equipment, which was used as collateral for the agreement. This lease was paid in full June 24, 2024.

**B. Other Debt**

**1. Bonds**

On August 24, 2016, the Wolfe County Public Properties Corporation issued \$5,650,000 First Mortgage Refunding Revenue Bonds, Series 2016. The proceeds advance refund on April 1, 2020, the Series 2010 bonds maturing in 2023 and thereafter. Sufficient funds have been deposited in an irrevocable escrow account to pay the interest on the bonds and pay the principal on the bonds at the redemption date. AOC provides funding, payable directly to the bond trustee, to meet the debt service requirements. The land and building have been secured as collateral for the bonds. In the event of default, the bond trustee can initiate foreclosure on the mortgage lien. Semi-annual interest payments are required on April 1 and October 1 of each year, beginning October 1, 2016, as well as annual principal payments on April 1 beginning April 1, 2022, with a final maturity date of April 1, 2030.

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

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**1. Bonds (Continued)**

As of June 30, 2024, the principal outstanding is \$4,345,000. Future principal and interest payments are as follows:

Fiscal Year Ended June 30	Principal	Interest
2025	\$ 665,000	\$ 136,700
2026	690,000	110,100
2027	720,000	82,500
2028	735,000	68,100
2029	755,000	46,050
2030	780,000	23,400
	<u>\$ 4,345,000</u>	<u>\$ 466,850</u>

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$ 790,744	\$	\$ 423,244	\$ 367,500	\$ 68,750
Other Debt	4,985,000		640,000	4,345,000	665,000
Total Long-term Debt	<u>\$ 5,775,744</u>	<u>\$ 0</u>	<u>\$ 1,063,244</u>	<u>\$ 4,712,500</u>	<u>\$ 733,750</u>

**D. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 665,000	\$ 136,700	\$ 68,750	\$ 15,787
2026	690,000	110,100	77,084	14,083
2027	720,000	82,500	82,083	10,647
2028	735,000	68,100	87,083	6,871
2029	755,000	46,050	52,500	2,677
2030	780,000	23,400		
Totals	<u>\$ 4,345,000</u>	<u>\$ 466,850</u>	<u>\$ 367,500</u>	<u>\$ 50,065</u>

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

**Note 7. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS).. This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and 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 2022 was \$358,537, FY 2023 was \$389,887, and FY 2024 was \$374,236.

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 the CERS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

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:

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

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Benefits are covered under KRS 78.5536.

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.

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

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

Other Post-Employment Benefits (OPEB) (Continued)

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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

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

**Note 8. Deferred Compensation**

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

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

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

**Note 9. Insurance**

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

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

**Note 10. Prior Period Adjustments**

- A. The beginning balance of the General Fund was restated and increased by \$72 to account for a prior year voided check.
- B. The beginning balance of the E-911 Fund was restated and increased by \$993 to account for a prior year voided check.

**Note 11. Commitments and Contingencies**

Based on inquiry of management and the fiscal court's legal counsel, the county is involved in a lawsuit. While it may not be significant, it 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.

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 971,100	\$ 971,100	\$ 1,142,220	\$ 171,120
In Lieu Tax Payments			44,386	44,386
Excess Fees	40,000	40,000	39,733	(267)
Licenses and Permits	1,300	1,300	1,406	106
Intergovernmental	293,150	293,150	711,087	417,937
Charges for Services	14,500	14,500	2,000	(12,500)
Miscellaneous	114,700	114,700	222,996	108,296
Interest				
Total Receipts	<u>1,434,750</u>	<u>1,434,750</u>	<u>2,163,828</u>	<u>729,078</u>
<b>DISBURSEMENTS</b>				
General Government	864,157	1,160,263	1,116,565	43,698
Protection to Persons and Property	40,225	78,181	68,222	9,959
General Health and Sanitation	31,000	38,253	38,252	1
Social Services	7,000	18,503	17,575	928
Recreation and Culture		2,400	2,400	
Administration	480,682	750,282	500,562	249,720
Total Disbursements	<u>1,423,064</u>	<u>2,047,882</u>	<u>1,743,576</u>	<u>304,306</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>11,686</u>	<u>(613,132)</u>	<u>420,252</u>	<u>1,033,384</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	223,214	223,214	743,807	520,593
Transfers To Other Funds	(349,900)	(349,900)	(447,989)	(98,089)
Total Other Adjustments to Cash (Uses)	<u>(126,686)</u>	<u>(126,686)</u>	<u>295,818</u>	<u>422,504</u>
Net Change in Fund Balance	(115,000)	(739,818)	716,070	1,455,888
Fund Balance - Beginning	<u>115,000</u>	<u>115,000</u>	<u>83,294</u>	<u>(31,706)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (624,818)</u>	<u>\$ 799,364</u>	<u>\$ 1,424,182</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 25,000	\$ 25,000	\$ 24,409	\$ (591)
Intergovernmental	1,739,803	1,739,803	974,680	(765,123)
Miscellaneous	176,000	176,000	171,010	(4,990)
Total Receipts	<u>1,940,803</u>	<u>1,940,803</u>	<u>1,170,099</u>	<u>(770,704)</u>
<b>DISBURSEMENTS</b>				
Roads	1,258,628	1,236,874	836,023	400,851
Debt Service	262,000	283,704	280,962	2,742
Administration	211,961	212,011	157,013	54,998
Total Disbursements	<u>1,732,589</u>	<u>1,732,589</u>	<u>1,273,998</u>	<u>458,591</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>208,214</u>	<u>208,214</u>	<u>(103,899)</u>	<u>(312,113)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			108,000	108,000
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>	<u>(100,000)</u>	<u>123,214</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>	<u>8,000</u>	<u>231,214</u>
Net Change in Fund Balance	(15,000)	(15,000)	(95,899)	(80,899)
Fund Balance - Beginning	<u>15,000</u>	<u>15,000</u>	<u>96,014</u>	<u>81,014</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115</u>	<u>\$ 115</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 87,900	\$ 87,900	\$ 95,334	\$ 7,434
Miscellaneous	250	250		(250)
Total Receipts	<u>88,150</u>	<u>88,150</u>	<u>95,334</u>	<u>7,184</u>
<b>DISBURSEMENTS</b>				
General Government	2,500	2,494	2,492	2
Protection to Persons and Property	410,650	446,091	445,807	284
Administration	15,800	21,365	21,362	3
Total Disbursements	<u>428,950</u>	<u>469,950</u>	<u>469,661</u>	<u>289</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(340,800)</u>	<u>(381,800)</u>	<u>(374,327)</u>	<u>7,473</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	340,800	340,800	374,000	33,200
Total Other Adjustments to Cash (Uses)	<u>340,800</u>	<u>340,800</u>	<u>374,000</u>	<u>33,200</u>
Net Change in Fund Balance		(41,000)	(327)	40,673
Fund Balance - Beginning			4,410	4,410
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (41,000)</u>	<u>\$ 4,083</u>	<u>\$ 45,083</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 146,277	\$ 61,277
Total Receipts	85,000	85,000	146,277	61,277
<b>DISBURSEMENTS</b>				
General Government	16,400	16,400	16,400	
Protection to Persons and Property	14,500	16,100		16,100
General Health and Sanitation	55,100	51,082	48,689	2,393
Social Services	1,000	1,000		1,000
Administration	32,100	34,518	33,198	1,320
Total Disbursements	119,100	119,100	98,287	20,813
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(34,100)	(34,100)	47,990	82,090
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	9,100	9,100		(9,100)
Total Other Adjustments to Cash (Uses)	9,100	9,100		(9,100)
Net Change in Fund Balance	(25,000)	(25,000)	47,990	72,990
Fund Balance - Beginning	25,000	25,000	33,284	8,284
Fund Balance - Ending	\$ 0	\$ 0	\$ 81,274	\$ 81,274

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

	<b>FIRE PROTECTION FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,500	\$ 2,500	\$ 2,298	\$ (202)
Total Receipts	<u>2,500</u>	<u>2,500</u>	<u>2,298</u>	<u>(202)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,400	2,400	2,317	83
Administration	2,360	2,360		2,360
Total Disbursements	<u>4,760</u>	<u>4,760</u>	<u>2,317</u>	<u>2,443</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,260)</u>	<u>(2,260)</u>	<u>(19)</u>	<u>2,241</u>
Net Change in Fund Balance	(2,260)	(2,260)	(19)	2,241
Fund Balance - Beginning	<u>2,260</u>	<u>2,260</u>	<u>2,294</u>	<u>34</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,275</u>	<u>\$ 2,275</u>

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

	<b>SOLID WASTE FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Licenses and Permits	\$ 1,200	\$ 1,200	\$ 1,000	\$ (200)
Intergovernmental	190,000	190,000	247,350	57,350
Charges for Services	115,000	115,000	131,948	16,948
Miscellaneous	200,500	200,500	267,780	67,280
Total Receipts	<u>506,700</u>	<u>506,700</u>	<u>648,078</u>	<u>141,378</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	355,556	370,556	340,270	30,286
Debt Service	197,500	200,552	191,926	8,626
Administration	103,644	85,592	80,069	5,523
Total Disbursements	<u>656,700</u>	<u>656,700</u>	<u>612,265</u>	<u>44,435</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>35,813</u>	<u>185,813</u>
Net Change in Fund Balance	(150,000)	(150,000)	35,813	185,813
Fund Balance - Beginning	<u>150,000</u>	<u>150,000</u>	<u>159,407</u>	<u>9,407</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195,220</u>	<u>\$ 195,220</u>

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

**CLERK'S DOCUMENT STORAGE FEE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 12,540	\$ (7,460)
Total Receipts	20,000	20,000	12,540	(7,460)
<b>DISBURSEMENTS</b>				
General Government	20,000	20,000	15,000	5,000
Total Disbursements	20,000	20,000	15,000	5,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(2,460)	(2,460)
Net Change in Fund Balance			(2,460)	(2,460)
Fund Balance - Beginning			6,471	6,471
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,011	\$ 4,011

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

	<b>E-911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	\$	\$ 54,050	\$ 54,050
Intergovernmental	140,000	140,000	152,951	12,951
Miscellaneous	500	500	476	(24)
Total Receipts	<u>140,500</u>	<u>140,500</u>	<u>207,477</u>	<u>66,977</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	186,000	193,405	193,298	107
Administration	34,500	39,095	38,981	114
Total Disbursements	<u>220,500</u>	<u>232,500</u>	<u>232,279</u>	<u>221</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(80,000)</u>	<u>(92,000)</u>	<u>(24,802)</u>	<u>67,198</u>
Net Change in Fund Balance	(80,000)	(92,000)	(24,802)	67,198
Fund Balance - Beginning	<u>80,000</u>	<u>80,000</u>	<u>84,226</u>	<u>4,226</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (12,000)</u>	<u>\$ 59,424</u>	<u>\$ 71,424</u>

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

	<b>OPIOID SETTLEMENT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 123,217	\$ 123,217
Total Receipts			123,217	123,217
<b>DISBURSEMENTS</b>				
Administration		117,346	117,346	117,346
Total Disbursements		117,346	117,346	117,346
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(117,346)	123,217	240,563
Net Change in Fund Balance		(117,346)	123,217	240,563
Fund Balance - Beginning		117,346	117,346	
Fund Balance - Ending	\$	0	\$ 240,563	\$ 240,563

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

	<b>REVOLVING GRANT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 75,000	\$ 75,000	\$	\$ (75,000)
Total Receipts	<u>75,000</u>	<u>75,000</u>	<u></u>	<u>(75,000)</u>
<b>DISBURSEMENTS</b>				
Administration	75,000	75,000	<u></u>	<u>75,000</u>
Total Disbursements	<u>75,000</u>	<u>75,000</u>	<u></u>	<u>75,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u></u>	<u></u>	<u></u>	<u></u>
Net Change in Fund Balance				
Fund Balance - Beginning	<u></u>	<u></u>	<u></u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

<b>AMERICAN RECOVERY PLAN ACT (ARPA) FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 65,989	\$ 65,989	\$ 65,989	\$
Total Receipts	<u>65,989</u>	<u>65,989</u>	<u>65,989</u>	<u></u>
<b>DISBURSEMENTS</b>				
Administration	790,185	112,367		112,367
Total Disbursements	<u>790,185</u>	<u>112,367</u>		<u>112,367</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(724,196)</u>	<u>(46,378)</u>	<u>65,989</u>	<u>112,367</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			165,989	165,989
Transfers To Other Funds			<u>(843,807)</u>	<u>(843,807)</u>
Total Other Adjustments to Cash (Uses)			<u>(677,818)</u>	<u>(677,818)</u>
Net Change in Fund Balance	(724,196)	(46,378)	(611,829)	(565,451)
Fund Balance - Beginning	<u>724,196</u>	<u>724,196</u>	<u>743,807</u>	<u>19,611</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 677,818</u>	<u>\$ 131,978</u>	<u>\$ (545,840)</u>

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

**SPECIAL PROJECTS - WATER TANK FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$	\$	\$ 42,637	\$ 42,637
Interest	450	450	3,323	2,873
Total Receipts	450	450	45,960	45,510
<b>DISBURSEMENTS</b>				
Capital Projects		105,988	42,637	63,351
Administration	105,988			
Total Disbursements	105,988	105,988	42,637	63,351
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(105,538)	(105,538)	3,323	108,861
Net Change in Fund Balance	(105,538)	(105,538)	3,323	108,861
Fund Balance - Beginning	105,538	105,538	105,538	
Fund Balance - Ending	\$ 0	\$ 0	\$ 108,861	\$ 108,861

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

**CITIZENS UNITED AGAINST DRUGS FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 108,177	\$ (16,823)
Miscellaneous	10,200	10,200	9,967	(233)
Total Receipts	<u>135,200</u>	<u>135,200</u>	<u>118,144</u>	<u>(17,056)</u>
<b>DISBURSEMENTS</b>				
Social Services	105,250	107,750	92,449	15,301
Administration	30,950	28,450	23,924	4,526
Total Disbursements	<u>136,200</u>	<u>136,200</u>	<u>116,373</u>	<u>19,827</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>1,771</u>	<u>2,771</u>
Net Change in Fund Balance	(1,000)	(1,000)	1,771	2,771
Fund Balance - Beginning	<u>1,000</u>	<u>1,000</u>	<u>899</u>	<u>(101)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,670</u>	<u>\$ 2,670</u>

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

	<b>COLLEGE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$	\$ 500,000	\$ 500,000	\$
Total Receipts		500,000	500,000	
<b>DISBURSEMENTS</b>				
Administration				
Total Disbursements		500,000		500,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			500,000	500,000
Net Change in Fund Balance			500,000	500,000
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 500,000	\$ 500,000

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

	<b>TOURISM FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$	225,000	\$ 244,279	\$ 19,279
Total Receipts		225,000	244,279	19,279
<b>DISBURSEMENTS</b>				
Recreation and Culture		225,000	244,000	(19,000)
Total Disbursements		225,000	244,000	(19,000)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			279	279
Net Change in Fund Balance			279	279
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 279	\$ 279

**WOLFE 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. Excess of Disbursements Over Appropriations**

The Tourism Fund, recreation and culture line-item exceeded budgeted appropriations by \$19,000.

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

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

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**WOLFE 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	\$ 1,539,439	\$	\$	\$ 1,539,439
Buildings	12,654,062			12,654,062
Vehicles	1,062,446	449,445	47,900	1,463,991
Equipment	1,330,588	112,000	144,615	1,297,973
Infrastructure	5,216,867	85,500		5,302,367
 Total Capital Assets	 <u>\$ 21,803,402</u>	 <u>\$ 646,945</u>	 <u>\$ 192,515</u>	 <u>\$ 22,257,832</u>

**WOLFE 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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-5
Vehicles	\$ 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***

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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 Raymond Banks, Wolfe County Judge/Executive  
Members of the Wolfe 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 Wolfe County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Wolfe County Fiscal Court's financial statement and have issued our report thereon dated March 6, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Wolfe 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 Wolfe County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wolfe 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 another deficiency that we consider to be a significant deficiency.

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 deficiency described in the accompanying Schedule of Findings and Responses as item 2024-004 to be a significant deficiency.

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Wolfe 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 and 2024-003.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Wolfe 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 6, 2026

**WOLFE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**WOLFE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2024-001 The Wolfe County Fiscal Court Did 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. Internal controls over disbursements were not operating as intended. Proper procedures for disbursements were not followed to ensure compliance with the fiscal court's purchasing procedures. The following deficiencies were noted:

- This fiscal court did not issue purchase orders for disbursements totaling \$1,255,550.
- Purchase orders issued for 10 of the 87 disbursements tested did not include the purchase order numbers related to the disbursements and the purchase order listing did not include a dollar amount for each purchase order.
- One credit card invoice was paid late and accumulated \$210 of late fees and interest charges.

These deficiencies occurred due to the lack of monitoring of controls put in place over expenditures by the fiscal court. Failure to implement an effective purchase order system can result in overspending the approved budget. These deficiencies also increase the risk that undetected errors could occur, which can result in noncompliance and impact the entity's ability to ensure complete, accurate, and properly documented financial reporting for expenditures.

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 requirement for a functioning purchase order system, proper controls over procurement, and timely payment of claims are basic internal controls necessary to ensure the accuracy and reliability of financial reports and are essential to prevent and detect errors, misstatements, and fraud.

We recommend the fiscal court implement proper internal controls over expenditures and ensure they are operating effectively.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Wolfe County acknowledges the finding regarding controls over disbursements. It is important to note that the majority of the transactions identified during the audit were monthly, recurring bills such as utilities, lease payments, and other standard operating expenses. These types of disbursements are consistent from month to month and do not require a purchase order under county policy, as they are essential recurring obligations rather than discretionary purchases.*

*The County will continue to ensure that all disbursements are properly reviewed and approved, and that appropriate documentation is maintained to support compliance with internal control procedures.*

**Auditor's Reply:** The Kentucky Department for Local Government has provided guidance to counties that states that all disbursements, including those for payroll and utility claims, should have a purchase order prepared in order for the county to see the cash requirements needed to cover a particular bill.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Wolfe County Fiscal Court Did Not Have Adequate Internal Controls Over Solid Waste Collections And Tourism Transient Tax Collections

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This is a repeat finding and was included in the prior year audit report as finding 2023-002. Solid waste collections are not recorded or deposited daily and prenumbered receipts were not issued and batched for all funds collected at the county transfer station. Additionally, tourism transient tax collections were not recorded or deposited daily either.

Internal controls over solid waste and tourism transient tax collections were not properly developed, implemented, and documented. The lack of adequate internal controls over these collections could lead to the misappropriation of assets and inaccurate financial reporting.

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.” Proper internal controls and documentation of controls implemented is essential to protect the fiscal court against misappropriation of assets and inaccurate financial reporting, while also protecting employees in the normal course of performing their job responsibilities.

We recommend the fiscal court implement additional controls over solid waste fees and tourism transient tax collections and maintain adequate supporting documentation of the control procedures utilized.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: We have worked diligently to take extreme feasible measures to ensure all of the Solid Waste money collected at the transfer station is accounted for. Cameras have been installed in locations of collections. Collected monies are kept in coded safe boxes until deposit. Money is counted 3 times by 3 different individuals from the time of collection until the time of deposit. Detailed deposit spreadsheets are given to Solid Waste Coordinator. If any of the money counts do not match, the Solid Waste Coordinator is advised of discrepancy and is urged to review it. Treasurer does not recall the auditors asking for proof of these spreadsheets. The Solid Waste Coordinator keeps them in his files. Pre-numbered receipts are available at the transfer station by request.*

Auditor’s Reply: Auditors were not provided with evidence of daily deposits for solid waste collections or for transient room tax collections.

2024-003 The Wolfe County Fiscal Court Did Not Prepare a Financial Statement Or Report Liabilities For A Component Unit And Other Liabilities Were Misstated

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The Wolfe County Fiscal Court did not accurately report financial activity or outstanding liabilities on their financial statement for the Wolfe County Public Properties Corporation, which is a component unit of the fiscal court. The financial activity of the component unit is required to be reported, but no financial statement was prepared and rather management elected to present bank statement for the account that services the debt of the component unit. Receipts of \$803,665 and disbursements of \$802,301 were not reported on the financial statement. Further, the principal and interest outstanding at June 30, 2024, for the component were not reported amounting to \$4,345,000 and \$466,850, respectively. The fiscal court also overstated principal and interest for other liabilities by \$429,078 and \$89,260, respectively.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-003 The Wolfe County Fiscal Court Did Not Prepare a Financial Statement Or Report Liabilities For A Component Unit And Other Liabilities Were Misstated (Continued)

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According to management, the bank statements that were presented to the fiscal court on a quarterly basis were sufficient and the liabilities were not an actual obligation of the fiscal court, but rather the component unit. As a result, the fiscal court's financial statement and outstanding liabilities were materially misstated for financial activity of the component unit which are required to be reported under the fiscal court's elected basis of accounting.

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." Proper reporting of outstanding debt is a basic internal control necessary to ensure the accuracy and reliability of financial reports so that management can make the best financial decisions for the entity.

Further, KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 30th day following the close of each quarter. Page 75 of the manual outlines the requirements for reporting long-term liabilities and page 28 states that the liabilities section should include public corporation bonds.

We recommend the fiscal court ensure that financial activity of the component unit is reported on the financial statements and implement controls to ensure that liabilities are all reported accurately.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The long-term liabilities reported on the fourth quarter financial statement were misstated due to the nature of the Judicial Center Public Properties account. This account represents funds that the Fiscal Court does not receive or handle directly. Instead, the Fiscal Court is provided with quarterly and annual reports, which are formally presented at Fiscal Court meetings for review. Previously we were advised presenting the reports to Fiscal Court would satisfy this issue. Because these funds are not actual monies managed or disbursed by the County, they cannot be recorded in our financial system in the same manner as other transactions. Going forward, we will prepare a spreadsheet representing these funds and include it with our financial statement.*

2024-004 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter

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This is a repeat finding and was included in the prior year audit report as finding 2023-005. The Wolfe County Fiscal Court operates the Wolfe County Animal Shelter (hereafter referred to as the shelter) for animal welfare in the community. The land for the shelter was donated and the building was constructed with grant funds. The fiscal court pays for the utilities at the shelter and the salary for the shelter's director. The director oversees daily operations at the shelter and also coordinates with various animal rescue organizations to provide foster homes and adoption services for animals at the shelter. Other labor is provided by volunteers.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

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In 2011, several community members formed a not-for-profit organization to solicit tax exempt donations in accordance with section 501(c)(3) of Title 26 of the United States Code. This tax-exempt organization is also named Wolfe County Animal Shelter (hereafter referred to as the organization). As a technical matter, the organization is controlled by a board of directors established independently from the fiscal court. But, as a practical matter, the board and the fiscal court, acting through the shelter director, are both involved in managing the shelter.

The solicited donations to the non-profit are deposited into the organization's bank account. This account serves as the shelter's only operating account and should be used to purchase items needed to run the shelter, such as food, cleaning supplies, blankets, appliances, and veterinary care. The shelter's director also served on the organization's board. Both the fiscal court and the organization work together to operate the shelter, with each relying on the services and financial support of the other for the shelter to be functional. For instance, the organization's activities would be severely limited without fiscal court's commitment to provide the building, utilities, and staff.

During fiscal year 2024, auditors noted that the fiscal court does not have a written agreement with the organization delineating each entity's responsibilities for the management and operation of the shelter. According to information relayed to auditors, the former treasurer of the organization had sole authority for all financial activities without any documented oversight or involvement of other members of the board of directors.

The activities between the Wolfe County Fiscal Court, the shelter, and the organization are commingled to an extent that it creates confusion, lapses in oversight, and lacks accountability, all of which increase the risk for errors, omissions, and fraud.

Auditors were unable to determine the accuracy and validity of the financial activities of the organization due to failure of the organization's former treasurer to maintain and provide requested documentation to the fiscal court. The organization's former treasurer did not provide ledgers that summarized financial activity, receipts that document donations/revenues received, and invoices to support disbursements.

A review of the bank activity of the organization for fiscal year 2024 revealed concerning activity without adequate support or explanation, including the following:

- 86 transactions totaling \$15,328: electronic debits to Capital One and Discover with no explanation or supporting documentation
- 33 transactions totaling \$4,705: checks written to "Cash"
- 7 transactions totaling \$7,899: payments to vendor with ties to board of directors/officers, which is specifically prohibited in the organization's articles of incorporation
- 2 utility bills totaling \$399: fiscal court pays all utilities at the shelter

Total receipts noted in bank activity for fiscal year 2024 were \$46,876 and disbursements/payments noted in bank activity for fiscal year 2024 were \$47,192. Based on the limited documentation obtained, we could not determine if there were additional donations/receipts which were not included in the bank activity or other relevant transactions which were not included in the bank activity.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

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Regarding the fiscal court's receipts and disbursements for the shelter, these amounts are included in the county's regular financial statements in the LGEA Fund and are subject to the applicable internal controls of the fiscal court. Audit procedures determine the amounts reported to be free of material misstatement.

The fiscal court does not have direct control over the financial activity of the organization. As previously noted, the board of directors is a separate body without fiscal court involvement or oversight. The former shelter director communicated with the organization's former treasurer to coordinate support for the shelter, but did not have independent access to the organization's funds.

The Governmental Accounting Standards Board's Codification of Governmental and Financial and Reporting Standards, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. This requires the financial statements to agree with and to be supported by the organization's underlying records to enable accurate financial statements to be prepared. Reconciliation of financial reports to supporting records is a basic internal control necessary to ensure complete, accurate financial reporting.

The articles of incorporation for the organization state in Article V, "No part of the net earnings of the Corporation shall inure to the benefit of, or be distribute [sic] to its member, trustee, officers or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set for in Article Third thereof."

Even though the fiscal court has no direct authority over the organization, the fiscal court should create an agreement with the organization to outline the duties, responsibilities, and activities of each party involved in operating the animal shelter and create accountability standards for the organization as it operates in the name of Wolfe County Animal Shelter. Even though the funds of the organization are not taxpayer dollars, the fiscal court can make reasonable efforts to ensure protection of donations solicited by a charitable organization to the extent possible within the scope of animal shelter operations with cooperation from the organization.

Subsequent to fiscal year 2024, there were changes made regarding animal shelter operations. A new animal shelter director was hired and the board of directors of the organization installed new members and new officers (president, vice president, secretary, and treasurer).

We recommend the fiscal court consult with the county attorney to review the makeup and control of the animal shelter to determine how it will be operated, managed and controlled in the future. If the animal shelter operations involve a third party, we recommend there be a written agreement between the Wolfe County Fiscal Court and the third party, outlining how each party will contribute to the animal shelter's operations in a more financially transparent manner going forward. Further, we recommend this agreement require periodic financial reporting from the organization to the fiscal court. The finding concerning possible improper expenditures from the organization's account will be referred to the Office of the Attorney General.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-004 The Wolfe County Fiscal Court Does Not Have Adequate Internal Controls Over The Wolfe County Animal Shelter (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The former Animal Shelter treasurer was responsible for overseeing the animal shelter's daily financial activities, including preparing bank statements, issuing checks, and completing bank reconciliations. The Fiscal Court's role was to provide support services such as building and vehicle maintenance, utilities, and lawn care, while also covering the costs of veterinary care and medications for the shelter animals.*

*To strengthen internal controls, Wolfe County Fiscal Court has taken corrective action by updating its Administrative Code. The revisions now include detailed job descriptions for all shelter positions, along with clearly defined lines of responsibility and accountability for shelter operations. Furthermore, the Animal Shelter Board is required to submit quarterly reports to the Fiscal Court to ensure ongoing oversight, transparency, and compliance.*

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

**WOLFE COUNTY FISCAL COURT**

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

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

For The Year Ended June 30, 2024

The Wolfe 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