

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

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

**Roy W Hunter, CPA, PLLC
1890 Star Shoot Parkway
Suite 170-147
Lexington, KY 40509**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
HENDERSON COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	8
NOTES TO FINANCIAL STATEMENT	12
BUDGETARY COMPARISON SCHEDULES	32
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	41
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	45
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	47
SCHEDULE OF CAPITAL ASSETS	51
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS	52
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	55
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE.....	59
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	65
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Brad Schneider, Henderson County Judge/Executive
Members of the Henderson 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 Henderson County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Henderson County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Henderson 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 Henderson 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 Henderson 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 Brad Schneider, Henderson County Judge/Executive
Members of the Henderson County Fiscal Court

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Henderson County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

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

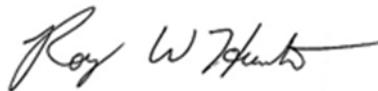
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Henderson 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 Henderson County Fiscal Court's internal control over financial reporting and compliance.

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

2024-001 The Henderson County Fiscal Court Failed To Correctly Prepare Two Budget Amendments

Respectfully submitted,

A handwritten signature in black ink that reads "Roy W. Hunter". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Roy W. Hunter, CPA PLLC
Lexington, Kentucky

November 19, 2024

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

Brad Schneider	County Judge/Executive
Keith Berry	Magistrate District 1
Taylor Tompkins	Magistrate District 2
Tim Southard	Magistrate District 3
Billy "Butch" Puttman	Magistrate District 4
William Starks	Magistrate District 5

Other Elected Officials:

Steve Gold	County Attorney
Bruce Todd	County Jailer
Renesa Abner	County Clerk
Clyde Gregory Sutton	Circuit Court Clerk
C. "Chip" Stauffer	County Sheriff
Andrew Powell	Property Valuation Administrator
Bruce Farmer	Coroner

Appointed Personnel:

Brenda Duncan-Rider	County Treasurer
Nick Stallings	County Engineer

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 13,243,127	\$	\$
In Lieu Tax Payments	141,778		
Excess Fees	7,400		
Licenses and Permits	1,077,707	645,465	
Intergovernmental	3,909,491	2,066,225	6,469,885
Charges for Services		39,237	335,829
Miscellaneous	423,198	149,484	986,940
Interest	1,635,710	41,814	304,626
Total Receipts	<u>20,438,411</u>	<u>2,942,225</u>	<u>8,097,280</u>
DISBURSEMENTS			
General Government	8,687,005		
Protection to Persons and Property	474,809		6,184,499
General Health and Sanitation		251,291	
Social Services			
Recreation and Culture	6,659	363,703	
Roads		3,257,093	
Debt Service			
Administration	1,519,824	841,468	1,608,833
Total Disbursements	<u>10,688,297</u>	<u>4,713,555</u>	<u>7,793,332</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>9,750,114</u>	<u>(1,771,330)</u>	<u>303,948</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		2,000,000	
Transfers To Other Funds	(2,000,000)		
Total Other Adjustments to Cash (Uses)	<u>(2,000,000)</u>	<u>2,000,000</u>	
Net Change in Fund Balance	7,750,114	228,670	303,948
Fund Balance - Beginning (Restated)	29,488,410	300,819	6,368,716
Fund Balance - Ending	<u>\$ 37,238,524</u>	<u>\$ 529,489</u>	<u>\$ 6,672,664</u>
Composition of Fund Balance			
Bank Balance	\$ 36,045,997	\$ 675,209	\$ 6,624,281
Deposits in Transit	355		
Less: Outstanding Checks	(254,127)	(145,720)	(265,845)
Certificates of Deposit	1,020,780		314,228
Investments	425,519		
Fund Balance - Ending	<u>\$ 37,238,524</u>	<u>\$ 529,489</u>	<u>\$ 6,672,664</u>

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

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

Budgeted Funds					
Local Government Economic Assistance Fund	State Grants Fund	Economic Development Fund	Clerk's Storage Fund	Court Settlement Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$
186,572					
852,590	955,863				
	34,710		68,000	182,312	50,000
31,336		1,299	4,018	12,632	234,824
<u>1,070,498</u>	<u>990,573</u>	<u>1,299</u>	<u>72,018</u>	<u>194,944</u>	<u>284,824</u>
	625,069	60,000	7,261		
327,203				57,500	
275,152	168,186				
152,957	201,000				
8,216					
					1,074,477
<u>763,528</u>	<u>994,255</u>	<u>60,000</u>	<u>7,261</u>	<u>57,500</u>	<u>1,074,477</u>
<u>306,970</u>	<u>(3,682)</u>	<u>(58,701)</u>	<u>64,757</u>	<u>137,444</u>	<u>(789,653)</u>
306,970	(3,682)	(58,701)	64,757	137,444	(789,653)
487,293	455,067	64,192	60,489	167,987	4,968,648
<u>\$ 794,263</u>	<u>\$ 451,385</u>	<u>\$ 5,491</u>	<u>\$ 125,246</u>	<u>\$ 305,431</u>	<u>\$ 4,178,995</u>
\$ 804,930	\$ 923,108	\$ 15,491	\$ 125,246	\$ 340,431	\$ 4,318,302
	10				
(10,667)	(471,733)	(10,000)		(35,000)	(139,307)
<u>\$ 794,263</u>	<u>\$ 451,385</u>	<u>\$ 5,491</u>	<u>\$ 125,246</u>	<u>\$ 305,431</u>	<u>\$ 4,178,995</u>

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

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

	<u>Unbudgeted Funds</u>			<u>Internal</u>
	<u>Public</u>	<u>Jail</u>	<u>Total</u>	<u>Service Fund</u>
	<u>Properties</u>	<u>Commissary</u>	<u>Funds</u>	<u>Health</u>
	<u>Corporation</u>	<u>Fund</u>		<u>Insurance</u>
	<u>Fund</u>			<u>Fund</u>
RECEIPTS				
Taxes	\$	\$	\$ 13,243,127	\$
In Lieu Tax Payments			141,778	
Excess Fees			7,400	
Licenses and Permits			1,909,744	
Intergovernmental	729,475		14,983,529	
Charges for Services			375,066	
Miscellaneous		1,142,980	3,037,624	3,035,720
Interest		58,626	2,324,885	44,270
Total Receipts	<u>729,475</u>	<u>1,201,606</u>	<u>36,023,153</u>	<u>3,079,990</u>
DISBURSEMENTS				
General Government			9,379,335	
Protection to Persons and Property			7,044,011	
General Health and Sanitation			694,629	
Social Services			353,957	
Recreation and Culture		1,297,002	1,675,580	
Roads			3,257,093	
Debt Service	729,475		729,475	
Administration			5,044,602	3,447,571
Total Disbursements	<u>729,475</u>	<u>1,297,002</u>	<u>28,178,682</u>	<u>3,447,571</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(95,396)	7,844,471	(367,581)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			2,000,000	
Transfers To Other Funds			(2,000,000)	
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance		(95,396)	7,844,471	(367,581)
Fund Balance - Beginning (Restated)		1,266,109	43,627,730	1,324,325
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,170,713</u>	<u>\$ 51,472,201</u>	<u>\$ 956,744</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 1,182,258	\$ 51,055,253	\$ 939,457
Deposits in Transit			365	17,287
Less: Outstanding Checks		(11,545)	(1,343,944)	
Certificates of Deposit			1,335,008	
Investments			425,519	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,170,713</u>	<u>\$ 51,472,201</u>	<u>\$ 956,744</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	12
NOTE 2.	DEPOSITS AND INVESTMENTS	15
NOTE 3.	TRANSFERS	18
NOTE 4.	CUSTODIAL FUNDS	19
NOTE 5.	RECEIVABLE	19
NOTE 6.	LONG-TERM DEBT	19
NOTE 7.	COMMITMENTS AND CONTINGENCIES.....	21
NOTE 8.	EMPLOYEE RETIREMENT SYSTEM.....	21
NOTE 9.	DEFERRED COMPENSATION	24
NOTE 10.	HEALTH REIMBURSEMENT ACCOUNT.....	24
NOTE 11.	INSURANCE	24
NOTE 12.	CONDUIT DEBT	25
NOTE 13.	LEASES	25
NOTE 14.	TAX ABATEMENTS.....	29
NOTE 15.	SELF- INSURANCE - HEALTH	29
NOTE 16	PRIOR PERIOD ADJUSTMENTS	29

**HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

HENDERSON 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)

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.

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.

State Grants Fund - The primary purpose of this fund is to account for activity related to state grants. The primary sources of receipts for this fund are grants from state government.

Economic Development Fund - The primary purpose of this fund is to account for activity related to development in the county. The primary sources of receipts for this fund are federal grant monies.

Clerk's Storage Fund - The primary purpose of this fund is to account for activity related to storage fees. The primary sources of receipts for this fund are storage fees collected by the county clerk.

Court Settlement Fund - The primary purpose of this fund is to account for opioid settlements funds received and expended.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for activity related to American Rescue Act passed in 2021. The primary sources of receipts for this fund are federal grant monies.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for receipts from the Administrative Office of the Courts used to offset the county's required payments on its debt related to the courthouse.

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

Internal Service Fund

Health Insurance Fund - The primary purpose of this fund is to account for the fiscal court's partially self-funded employee health insurance program.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

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

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. Henderson County Elected Officials

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

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

F. Deposits and Investments

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

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 this criteria, the following is considered a related organization of the Henderson County Fiscal Court:

Four Star Industrial Development

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 Henderson County Fiscal Court:

Henderson City-County Planning Commission
 Tri-County Recycling
 Henderson City-County Airport Board
 Henderson Economic Development

Note 2. Deposits and Investments

A. Deposits

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

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

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

Custodial Credit Risk - Deposits

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

B. Investments

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

Type	Cost Basis	Maturities (In Years)	
			Less Than 1
Investments:			
Vanguard Federal Money Market	\$ 425,519	\$	425,519
Total Investments	425,519		425,519
Total Fund Balance	\$ 425,519	\$	425,519

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$1,335,008 certificates of deposit and \$425,519 investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$1,335,008 certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk (Continued)

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds;
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority;
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section;
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 - c. Are rated in the three highest rating categories by at least two competent credit rating agencies.

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2024, the fiscal court has no investments in these categories.

Type	Standard & Poor's/Moody's Credit Ratings	
	AAA/Aaa	Cost Basis
Investments:		
Vanguard Federal Money Market	425,519	425,519
Total Investments	425,519	425,519
Total Fund Balance	\$ 425,519	\$ 425,519

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk, which are 100 percent of the fiscal court's investments. These investments are reported in the fiscal court's general fund.

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

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

Note 3. Transfers

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

	General Fund	Total Transfers In
Road Fund	\$ 2,000,000	\$ 2,000,000
Total Transfers Out	\$ 2,000,000	\$ 2,000,000

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.

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

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$101,942.

Note 5. Receivable

Reed Fire Department

The Henderson County Fiscal Court loaned \$50,000 to the Reed Volunteer Fire Department. This loan is to be paid back with an annual payment of \$5,000 with no interest added. The balance of the receivable was paid off as of June 30, 2024.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

Lease Revenue Refunding Bonds, Series 2017 – Court Facility Project

The Henderson County Public Properties Corporation issued \$5,495,881 Lease Revenue Refunding Bonds, Series 2017 dated February 9, 2017, for the purpose of refunding and retiring the Court Facility – Series 2006 Bonds. Principal payments are due each year on February 1, in amounts indicated below starting February 1, 2018. Interest on the bonds will be payable semi-annually on February 1 and August 1 beginning August 1, 2017. The bonds contain a provision that in an event of default, the mortgage shall be enforced under the terms, include foreclosure of the liens created and sale of the project. The principal balance outstanding for the bond issues of June 30, 2024, was \$1,405,882. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 694,061	\$ 30,227
2026	711,821	15,304
Totals	<u>\$ 1,405,882</u>	<u>\$ 45,531</u>

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

Note 6. Long-term Debt (Continued)

B. Changes In Long-term Debt

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

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 2,090,413	684,531	\$ 1,405,882	\$ 694,061
Total Long-term Debt	<u>\$ 2,090,413</u>	<u>\$ 684,531</u>	<u>\$ 1,405,882</u>	<u>\$ 694,061</u>

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 694,061	\$ 30,227
2026	711,821	15,304
	<u>\$ 1,405,882</u>	<u>\$ 45,531</u>

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

Note 7. Commitments and Contingencies

A. Litigation

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

B. Ambulance Service Agreement

In April 1983, the County of Henderson along with the City of Henderson entered into an agreement with Deaconess Hospital for the operation of a countywide ambulance service. The hospital agreed to operate the ambulance service with both the City and County reimbursing the hospital for any operating loss incurred on a quarterly basis. Expenses incurred under this agreement for the fiscal year ending June 30, 2024 were \$74,842.

C. Henderson City - County Airport Board

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for the Henderson City-County Airport Board. The Airport Board is a joint venture between the Fiscal Court and the City of Henderson to assist and promote the Henderson City-County Airport. Expenses incurred under this agreement for the fiscal year ending June 30, 2024 were \$154,730.

D. Henderson City - County Planning Commission

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for the Henderson City-County Planning Commission (Planning Commission). The Planning Commission is a joint venture between Fiscal Court and City of Henderson to assist and promote the orderly development of the county and cities. The Fiscal Court and City of Henderson are each responsible for fifty percent of the basic administration included in the budget of the Planning Commission. Expenses incurred under this agreement for the fiscal year ending June 30, 2024, were \$400,000.

E. Henderson Economic Development

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for Henderson Economic Development, which is a joint venture between the Fiscal Court and City of Henderson to assist and promote Henderson County. Expenses incurred under this agreement for the fiscal year ending June 30, 2024 were \$50,000.

Note 8. Employee Retirement System

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

The county's contribution for FY 2022 was \$1,849,553, FY 2023 was \$1,876,295, and FY 2024 was \$1,678,611.

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

Note 8. Employee Retirement System (Continued)

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1(Continued)

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

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

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

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

Note 8. Employee Retirement System (Continued)

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report (Continued)

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

Note 9. Deferred Compensation

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

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

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

Note 10. Health Reimbursement Account

The Henderson County Fiscal Court established a health reimbursement account in January 2017, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$750 (single health insurance plan) or \$1,500 (family health insurance plan) each year to pay for qualified medical expenses. The balance of the health reimbursement account as of June 30, 2024, that was held with the third-party administrator was \$94,124. The fiscal court also has a health reimbursement account at a local bank that had a balance of \$193,414, as of June 30, 2024. The account is used to pay out contributions and other costs related to the health reimbursement account.

Note 11. Insurance

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

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

Note 12. Conduit Debt

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

Note 13. Leases

A. Lessor

1. Jail Probation and Parole Office Space

On October 23, 2018, Henderson County began leasing office space to Jail Probation and Parole. The lease is for eight years and Henderson County will receive quarterly payments of \$12,279. Henderson County recognized \$49,117 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, Henderson County's receivable lease payments was \$147,329.

2. Countrymark Energy Resources, LLC Oil and Gas Lease

On March 12, 2019, Henderson County began leasing a certain portion of land situated under the Ohio River that is the subject of an oil and gas lease with Countrymark Energy Resources, LLC. The lease is open ended, and Henderson County will receive royalty payments. Henderson County recognized \$2,492 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, Henderson County's receivable for lease payments was not yet determined.

3. Deaconess Ambulance Building Space

On May 1, 2021, Henderson County began leasing the station located at 383 Borax Drive, Henderson, KY to Deaconess Hospital. The lease is ongoing, and Henderson County receives \$1,541 in credit each month that is applied against leasing ambulance services. Henderson County recognized \$18,492 in credit during the current fiscal year related to this lease which will be applied against the monthly lease of services.

4. Pine Bluff Material Property and Dredging

In 2016, Henderson County began leasing Pine Bluff Materials with the right to dig, dredge, and remove the sand and gravel underlying a portion of the Ohio River. The lease is also for approximately 1.82 acres of land located on West Main Street in the City of Henderson. The lease is to expire on July 31, 2024, with the option to renew. Henderson County recognized \$30,284 in the current fiscal year related to this lease.

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

Note 13. Leases (Continued)

A. Lessor (Continued)

5. Kentucky Real ID Office Space

On July 7, 2022, a lease was signed related to the permanent office space. The lease is for one year with automatic extensions of seven years. Henderson County will receive quarterly payments of \$10,479. The fiscal court Henderson County recognized \$41,916 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, Henderson County's receivable for lease payments was \$0.

B. Lessee

1. Deaconess Ambulance Service

On May 1, 2021, Henderson County entered into a one-year lease agreement as lessee for the use of ambulance services and equipment, with the option to extend. An initial lease liability was recorded in the amount of \$65,000 during the current fiscal year. This is the monthly payment of \$5,416, which is the service payment of \$6,667 applied against rent of \$1,251 received for Henderson County leasing office space to Deaconess. The lease value of the outstanding payment is \$5,416.

Fiscal Year Ended June 30	Amount
2025	\$ 5,416
Total	\$ 5,416

2. County Treasurer Postage Machine

On October 7, 2019, Henderson County entered into a five-year lease agreement as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$2,071 during the current fiscal year, which is the quarterly payment of \$518. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$2,071.

Fiscal Year Ended June 30	Amount
2025	\$ 2,071
Total	\$ 2,071

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

Note 13. Leases (Continued)

B. Lessee (Continued)

3. Jail Copiers

On December 12, 2019, Henderson County entered into a three-year lease agreement as lessee for the use of five copiers. On March 28, 2023 this lease was renewed for two years. An initial lease liability was recorded in the amount of \$15,043, which is the monthly base payment of \$1,298 plus charges for use of color and/or black and white printing. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$11,678.

Fiscal Year Ended June 30	Amount
2025	\$ 11,678
Total	\$ 11,678

4. County Clerk Postage Machine

On March 1, 2023, Henderson County entered into a five-year lease agreement as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$1,756 during the current fiscal year, which is the quarterly payment of \$439. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$6,146.

Fiscal Year Ended June 30	Amount
2025	\$ 1,756
2026	1,756
2027	1,756
2028	878
Total	\$ 6,146

5. Emergency Management Office Space

On June 15, 2022, Henderson County entered into a five-year lease agreement as lessee for the use of office space for Emergency Management. An initial lease liability was recorded in the amount of \$1, during the current fiscal year, which is the annual payment due. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$3

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

Note 13. Leases (Continued)

B. Lessee (Continued)

6. County Clerk Copiers

On June 18, 2018, Henderson County entered into a five-year lease agreement as lessee for the use of two copiers. The lease was renewed for five additional years on June 18, 2024. An initial lease liability was recorded in the amount of \$4,299 during the current fiscal year, which is the monthly payment of \$326. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$19,560.

Fiscal Year Ended June 30	Amount
2025	\$ 3,912
2026	3,912
2027	3,912
2028	3,912
2029	3,912
Total	<u>\$ 19,560</u>

7. Administrative Office of the Courts Building Lease

On February 1, 2017, Henderson County Public Properties entered into a nine-year lease agreement as lessee for the use of office space for the Administrative Office of the Courts. An initial lease liability was recorded in the amount of \$729,475, during the current fiscal year, which is the annual payment and interest due. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$1,405,882.

8. Judicial Center Solar Light Panel Lease

On March 14, 2023, Henderson County Public Properties entered into a fifteen-year lease agreement as lessee for the use of solar equipment. The lessor will operate and maintain the solar energy system for the term of the agreement. An initial lease liability was recorded in the amount of \$181,260, during the current fiscal year, which includes monthly payments of \$1,007 for 180 months. The total payments made in the fiscal year were \$12,084. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$169,176.

Fiscal Year Ended June 30	Amount
2025	\$ 12,084
2026	12,084
2027	12,084
2028	12,084
2029	12,084
2030-2034	60,420
2035-2038	48,336
Total	<u>\$ 169,176</u>

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

Note 14. Tax Abatements

Columbia Sportswear: The ad valorem tax was abated under the authority of KRS 103.285. For the fiscal year ended June 30, 2024, the amount of taxes abated is not known since the actual property assessment will not be performed until the pilot agreement expires in 2025. The entity pays property taxes based on the original property assessment, \$16,000,000, when the agreement was signed.

Sitex Corporation: The ad valorem tax was abated under the authority of KRS 103.285. For the fiscal year ended June 30, 2024, the amount of taxes abated is not known since the actual property assessment will not be performed until the pilot agreement expires in 2025. The entity pays property taxes based on the original property assessment, \$2,111,000, when the agreement was signed.

Columbia Sportswear: The occupational license tax was abated under the authority of KRS 103.285. The agreement has been approved; however, it has not been activated as of June 30, 2024. For the fiscal year ending June 30, 2024, the amount of taxes abated was \$0.

Riverview Coal: The occupational license tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. The agreement has been approved, however, has not been activated as of June 30, 2024. For the fiscal year ended June 30, 2024; the amount of taxes abated was \$0.

Note 15. Self- Insurance - Health

The Henderson County Fiscal Court elected to begin a partially self-funded health insurance plan as of April 1, 1997. County employees and the fiscal court contribute monthly toward the health insurance plan's costs. The county maintains one insurance plan with various levels of coverage (e.g., single, family, etc.). These plans offer many discounts that decrease the costs for both the employees and the fiscal court. The Riverport Authority employees also contribute to this fund. Henderson County contracted with Anthem Blue Cross Blue Shield as of January 1, 2012.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Fixed and administrative costs for the fiscal year ending June 30, 2024 were \$431,225. The second component is the claims cost, all of which Henderson County is responsible to pay as they incur. Once an individual exceeds \$100,000. in claims or the County's aggregate claims exceed the predetermined maximum, then the County will receive reimbursements from the reinsurance carrier. These amounts are netted on the bill the County receives. Claims incurred for the fiscal year ended June 30, 2024 were \$3,016,346. Henderson County Fiscal Court's contract with Anthem Blue Cross Blue Shield has no terminal liability provisions. The Court will be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$956,744 as of June 30, 2024.

Note 16. Prior Period Adjustments

	General Fund	Road Fund	Total Fund Balance
Ending Cash Balance Prior Year	\$ 29,486,760	\$ 300,719	\$ 43,625,980
Adjustments:			
Prior Year Voided Checks	1,650	100	1,750
Beginning Fund Balance Restated	<u>\$ 29,488,410</u>	<u>\$ 300,819</u>	<u>\$ 43,627,730</u>

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

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 10,387,124	\$ 10,387,124	\$ 13,243,127	\$ 2,856,003
In Lieu Tax Payments	139,800	139,800	141,778	1,978
Excess Fees	8,500	8,500	7,400	(1,100)
Licenses and Permits	140,000	140,000	1,077,707	937,707
Intergovernmental	3,096,400	3,159,694	3,909,491	749,797
Miscellaneous	339,275	339,275	423,198	83,923
Interest	375,535	375,535	1,635,710	1,260,175
Total Receipts	<u>14,486,634</u>	<u>14,549,928</u>	<u>20,438,411</u>	<u>5,888,483</u>
DISBURSEMENTS				
General Government	9,149,663	9,364,949	8,687,005	677,944
Protection to Persons and Property	492,002	549,692	474,809	74,883
Recreation and Culture	7,100	7,100	6,659	441
Administration	925,722	1,669,040	1,519,824	149,216
Total Disbursements	<u>10,574,487</u>	<u>11,590,781</u>	<u>10,688,297</u>	<u>902,484</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,912,147</u>	<u>2,959,147</u>	<u>9,750,114</u>	<u>6,790,967</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(3,912,147)</u>	<u>(3,912,147)</u>	<u>(2,000,000)</u>	<u>1,912,147</u>
Total Other Adjustments to Cash (Uses)	<u>(3,912,147)</u>	<u>(3,912,147)</u>	<u>(2,000,000)</u>	<u>1,912,147</u>
Net Change in Fund Balance		(953,000)	7,750,114	8,703,114
Fund Balance - Beginning (Restated)		<u>1,100,000</u>	<u>29,488,410</u>	<u>28,388,410</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 147,000</u>	<u>\$ 37,238,524</u>	<u>\$ 37,091,524</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$	\$	\$ 645,465	\$ 645,465
Intergovernmental	1,890,587	1,890,587	2,066,225	175,638
Charges for Services	31,000	31,000	39,237	8,237
Miscellaneous	76,000	76,000	149,484	73,484
Interest	20,000	20,000	41,814	21,814
Total Receipts	<u>2,017,587</u>	<u>2,017,587</u>	<u>2,942,225</u>	<u>924,638</u>
DISBURSEMENTS				
General Health and Sanitation	324,560	324,560	251,291	73,269
Recreation and Culture	706,700	707,200	363,703	343,497
Roads	3,477,695	3,877,914	3,257,093	620,821
Administration	1,016,802	1,016,802	841,468	175,334
Total Disbursements	<u>5,525,757</u>	<u>5,926,476</u>	<u>4,713,555</u>	<u>1,212,921</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,508,170)</u>	<u>(3,908,889)</u>	<u>(1,771,330)</u>	<u>2,137,559</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,508,170	3,608,170	2,000,000	(1,608,170)
Total Other Adjustments to Cash (Uses)	<u>3,508,170</u>	<u>3,608,170</u>	<u>2,000,000</u>	<u>(1,608,170)</u>
Net Change in Fund Balance		(300,719)	228,670	529,389
Fund Balance - Beginning (Restated)		<u>300,719</u>	<u>300,819</u>	<u>100</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 529,489</u>	<u>\$ 529,489</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 5,478,892	\$ 5,478,892	\$ 6,469,885	\$ 990,993
Charges for Services	245,000	245,000	335,829	90,829
Miscellaneous	696,400	696,400	986,940	290,540
Interest	40,000	40,000	304,626	264,626
Total Receipts	<u>6,460,292</u>	<u>6,460,292</u>	<u>8,097,280</u>	<u>1,636,988</u>
DISBURSEMENTS				
Protection to Persons and Property	6,818,068	6,828,468	6,184,499	643,969
Administration	1,845,233	1,834,833	1,608,833	226,000
Total Disbursements	<u>8,663,301</u>	<u>8,663,301</u>	<u>7,793,332</u>	<u>869,969</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,203,009)</u>	<u>(2,203,009)</u>	<u>303,948</u>	<u>2,506,957</u>
Net Change in Fund Balance	(2,203,009)	(2,203,009)	303,948	2,506,957
Fund Balance - Beginning	<u>2,203,009</u>	<u>2,203,009</u>	<u>6,368,716</u>	<u>4,165,707</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,672,664</u>	<u>\$ 6,672,664</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 115,000	\$ 115,000	\$ 186,572	\$ 71,572
Intergovernmental	321,500	321,500	852,590	531,090
Miscellaneous	900	900		(900)
Interest	7,501	7,501	31,336	23,835
Total Receipts	<u>444,901</u>	<u>444,901</u>	<u>1,070,498</u>	<u>625,597</u>
DISBURSEMENTS				
Protection to Persons and Property	347,105	451,105	327,203	123,902
General Health and Sanitation	218,100	286,100	275,152	10,948
Social Services	155,457	155,457	152,957	2,500
Recreation and Culture	8,216	8,216	8,216	
Bus Services	10,000	10,000		10,000
Administration	1,000	1,000		1,000
Total Disbursements	<u>739,878</u>	<u>911,878</u>	<u>763,528</u>	<u>148,350</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(294,977)</u>	<u>(466,977)</u>	<u>306,970</u>	<u>773,947</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	294,977	294,977		(294,977)
Transfers To Other Funds		(100,000)		100,000
Total Other Adjustments to Cash (Uses)	<u>294,977</u>	<u>194,977</u>		<u>(194,977)</u>
Net Change in Fund Balance		(272,000)	306,970	578,970
Fund Balance - Beginning		100,000	487,293	387,293
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (172,000)</u>	<u>\$ 794,263</u>	<u>\$ 966,263</u>

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

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,240,700	\$ 1,240,700	\$ 955,863	\$ (284,837)
Miscellaneous			34,710	34,710
Total Receipts	<u>1,240,700</u>	<u>1,240,700</u>	<u>990,573</u>	<u>(250,127)</u>
DISBURSEMENTS				
General Government	861,000	861,000	625,069	235,931
General Health and Sanitation	179,700	323,459	168,186	155,273
Social Services	200,000	201,000	201,000	
Total Disbursements	<u>1,240,700</u>	<u>1,385,459</u>	<u>994,255</u>	<u>391,204</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(144,759)</u>	<u>(3,682)</u>	<u>141,077</u>
Net Change in Fund Balance		(144,759)	(3,682)	141,077
Fund Balance - Beginning		<u>144,759</u>	<u>455,067</u>	<u>310,308</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 451,385</u>	<u>\$ 451,385</u>

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

ECONOMIC DEVELOPMENT FUND				
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Interest	\$ 1,000	\$ 1,000	\$ 1,299	\$ 299
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>1,299</u>	<u>299</u>
DISBURSEMENTS				
General Government	110,000	85,000	60,000	25,000
Total Disbursements	<u>110,000</u>	<u>85,000</u>	<u>60,000</u>	<u>25,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(109,000)</u>	<u>(84,000)</u>	<u>(58,701)</u>	<u>25,299</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	109,000	109,000		(109,000)
Total Other Adjustments to Cash (Uses)	<u>109,000</u>	<u>109,000</u>		<u>(109,000)</u>
Net Change in Fund Balance		25,000	(58,701)	(83,701)
Fund Balance - Beginning			<u>64,192</u>	<u>64,192</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 25,000</u>	<u>\$ 5,491</u>	<u>\$ (19,509)</u>

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

CLERKS STORAGE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	RECEIPTS			
Miscellaneous	\$ 20,600	\$ 20,600	\$ 68,000	\$ 68,000
Interest	400	400	4,018	3,618
Total Receipts	<u>21,000</u>	<u>21,000</u>	<u>72,018</u>	<u>71,618</u>
DISBURSEMENTS				
General Government	21,000	21,000	7,261	13,739
Total Disbursements	<u>21,000</u>	<u>21,000</u>	<u>7,261</u>	<u>13,739</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>64,757</u>	<u>64,757</u>
Net Change in Fund Balance			64,757	64,757
Fund Balance - Beginning			<u>60,489</u>	<u>60,489</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125,246</u>	<u>\$ 125,246</u>

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

	COURT SETTLEMENT FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 30,328	\$ 180,328	\$ 182,312	\$ (1,984)
Interest	1,000	1,000	12,632	11,632
Total Receipts	<u>31,328</u>	<u>181,328</u>	<u>194,944</u>	<u>9,648</u>
DISBURSEMENTS				
Protection to Persons and Property	<u>31,328</u>	<u>181,328</u>	<u>57,500</u>	<u>123,828</u>
Total Disbursements	<u>31,328</u>	<u>181,328</u>	<u>57,500</u>	<u>123,828</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>137,444</u>	<u>137,444</u>
Net Change in Fund Balance			137,444	137,444
Fund Balance - Beginning			<u>167,987</u>	<u>167,987</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 305,431</u>	<u>\$ 305,431</u>

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

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 50,000	\$ 50,000
Interest		10,000	234,824	224,824
Total Receipts		<u>10,000</u>	<u>284,824</u>	<u>274,824</u>
DISBURSEMENTS				
Administration		4,842,971	1,074,477	3,768,494
Total Disbursements		<u>4,842,971</u>	<u>1,074,477</u>	<u>3,768,494</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(4,832,971)</u>	<u>(789,653)</u>	<u>4,043,318</u>
Net Change in Fund Balance		(4,832,971)	(789,653)	4,043,318
Fund Balance - Beginning		4,832,971	4,968,648	135,677
Fund Balance - Ending	\$	<u>0</u>	\$ 4,178,995	\$ 4,178,995

**HENDERSON 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.

THIS PAGE LEFT BLANK INTENTIONALLY

**HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

**HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$	\$ 1,074,477
Total U.S. Department of Treasury			<u>\$</u>	<u>\$ 1,074,477</u>
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government:</i>				
Community Development Block Grant/States Program	14.228	2200002058	\$ 200,000	\$ 200,000
Total U.S. Department of Housing and Urban Development			<u>\$ 200,000</u>	<u>\$ 200,000</u>
<u>U.S. Department of Health and Family Services</u>				
<i>Passed-Through Kentucky Cabinet of Health and Family Services</i>				
Child Support Services	93.563		\$	78,233
Total U.S. Department of Health and Family Services			<u>\$</u>	<u>\$ 78,233</u>

The accompanying notes are an integral part of this schedule.

HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024 (Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Emergency Management:</i>				
Emergency Management Performance Grant	97.042	SC 095200000513	\$ _____	\$ 26,993
Total U.S. Department of Homeland Security			\$ _____	\$ 26,993
Total Expenditures of Federal Awards			\$ 200,000	\$ 1,379,703

The accompanying notes are an integral part of this schedule.

HENDERSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

Note 4. Subrecipient

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Pass-Through Grant Amount</u>
Community Development Block Grant/States Program	14.228	N/A	<u>\$ 200,000</u>

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

**HENDERSON COUNTY FISCAL COURT
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	\$ 1,123,414	\$	\$	\$ 1,123,414
Buildings and Buildings Improvements	25,410,860			25,410,860
Vehicles and Equipment	11,632,512	897,473	83,404	12,446,581
Jail Vehicles and Equipment	612,892	101,900	30,792	684,000
Infrastructure	19,154,543	1,333,715		20,488,258
 Total Capital Assets	 <u>\$ 57,934,221</u>	 <u>\$ 2,333,088</u>	 <u>\$ 114,196</u>	 <u>\$60,153,113</u>

**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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles and Equipment (includes Jail Commissary)	\$ 5,000	3-25
Infrastructure	\$ 25,000	10-50

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

THIS PAGE LEFT BLANK INTENTIONALLY

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 Brad Schneider, Henderson County Judge/Executive
Members of the Henderson 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 Henderson County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Henderson County Fiscal Court's financial statement and have issued our report thereon dated November 19, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Henderson 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 Henderson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Henderson 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

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

Compliance And Other Matters

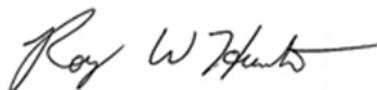
As part of obtaining reasonable assurance about whether the Henderson County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Roy. W. Hunter, CPA, PLLC
Lexington, Kentucky
November 19, 2024

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

Independent Auditor's Report

The Honorable Brad Schneider, Henderson County Judge/Executive
Members of the Henderson County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance (Continued)

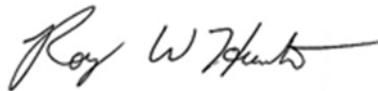
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

Respectfully submitted,



Roy W. Hunter, CPA PLLC
Lexington, Kentucky

November 19, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

Section I: Summary of Auditor’s Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

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

Section II: Financial Statement Findings

2024-001: The Henderson County Fiscal Court Failed To Correctly Prepare Two Budget Amendments

Ordinances 24-01 and 24-02, amending the general fund budget, were not correctly prepared. The amendments were labeled as being entirely related to the general fund. When in fact, the amendments were partially related to the health insurance fund.

The two budgets' amendments were prepared incorrectly due to the lack of internal controls that caused the fourth quarter's budgeted totals to be incorrect as well.

As a result of the two incorrect budget amendments, the budget for the general fund was overstated by \$1,500,000, and the health insurance's fund was understated by \$1,500,000. To the overall budget of the fiscal court, there was no effect.

Strong internal controls over the budget and reporting preparation are vital in ensuring that year end financials are presented accurately. Strong internal controls would have enabled the error in the presentation of the budget amendments to be discovered and corrected.

We recommend the county treasurer assign someone in her staff to reconcile the budget amendments totals to the financial statements to ensure that they agree with one another.

Views of Responsible Official and Planned Corrective Action:

A reconciliation process has been implemented to reconcile budget amendment totals to the financial statements, ensuring accurate financial statement presentation.

Section III: Federal Award Findings And Questioned Costs

None noted.

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

Section IV: Summary Schedule of Prior Audit Findings



OFFICE OF THE COUNTY JUDGE/EXECUTIVE

COURTHOUSE
20 North Main Street, Suite 300
Henderson, Kentucky 42420
PHONE (270) 826-3971
FAX (270) 827-6002

KURT WIESEN
ADMINISTRATIVE ASSISTANT
FISCAL COURT CLERK

ANGELA COMER
HUMAN RESOURCE SPECIALIST

BRAD SCHNEIDER
HENDERSON COUNTY JUDGE/EXECUTIVE
bschneider@hendersonky.us

Finding Number	Prior Year Finding Title	Status	Corrective Action
2023-001	The Henderson County Fiscal Court Does Not Have Adequate Internal Controls Over Payroll Processing	Resolved	
2023-002	The Henderson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Compliance With Coronavirus State And Local Fiscal Recovery Fund (SLFRF) Requirements	Resolved	

THIS PAGE LEFT BLANK INTENTIONALLY

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

HENDERSON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

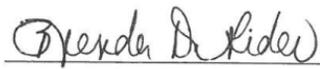
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
HENDERSON COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Henderson 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