

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

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



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

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



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
BRECKINRIDGE COUNTY OFFICIALS .....	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	11
BUDGETARY COMPARISON SCHEDULES.....	33
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES .....	39
SCHEDULE OF CAPITAL ASSETS.....	43
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	44
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> .....	47
SCHEDULE OF FINDINGS AND RESPONSES .....	51
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



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

**Independent Auditor's Report**

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Maurice Lucas, Breckinridge County Judge/Executive

Members of the Breckinridge 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 Breckinridge County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Breckinridge County Fiscal Court's financial statement as listed in the table of contents.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Breckinridge 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 Breckinridge County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

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

**Other Matters**

***Supplementary Information***

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

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

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025, on our consideration of the Breckinridge 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 Breckinridge County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Breckinridge County Fiscal Court Failed To Implement Adequate Internal Controls Over Cash, Debt Service Processes, And Financial Reporting
- 2024-002 The Breckinridge County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements And Bidding Processes

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

May 12, 2025



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

Maurice Lucas	County Judge/Executive
Jeremy Armstrong	Magistrate
Shane Beavin	Magistrate
Gary Greenwell	Magistrate
David Albright	Magistrate
Sam Moore	Magistrate
Brandon Henning	Magistrate

**Other Elected Officials:**

Nikki Anthony-Armes	County Attorney
Tara Shrewsberry	Jailer
Jared Butler	County Clerk
Cindy Rhodes	Circuit Court Clerk
Billy Richardson	Sheriff
Dana Bland	Property Valuation Administrator
William Lohden	Coroner

**Appointed Personnel:**

Laura Fentress	County Treasurer
----------------	------------------

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 3,643,174	\$	\$
In Lieu Tax Payments	37,683		
Excess Fees	342,284		
Licenses and Permits	46,721		
Intergovernmental	1,285,543	2,284,933	2,677,463
Charges for Services	44,240		138,976
Miscellaneous	360,387	63,167	188,727
Interest	13,756	2,363	192
Total Receipts	<u>5,773,788</u>	<u>2,350,463</u>	<u>3,005,358</u>
<b>DISBURSEMENTS</b>			
General Government	2,114,301		
Protection to Persons and Property	593,570		2,082,724
General Health and Sanitation	410,093		336,288
Social Services	46,268		
Recreation and Culture	102,250		
Roads		2,887,248	
Airports	13,542		
Bus Services	84,742		
Debt Service	89,246	43,293	392,274
Capital Projects	481,698	125,000	
Administration	1,750,744	223,801	460,604
Total Disbursements	<u>5,686,454</u>	<u>3,279,342</u>	<u>3,271,890</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>87,334</u>	<u>(928,879)</u>	<u>(266,532)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Governmental Leasing Act Receipts	131,476		
Change in Payroll Revolving Account	21,544		
Transfers From Other Funds		400,000	
Transfers To Other Funds	(400,000)		
Total Other Adjustments to Cash (Uses)	<u>(246,980)</u>	<u>400,000</u>	
Net Change in Fund Balance	(159,646)	(528,879)	(266,532)
Fund Balance - Beginning (Restated)	<u>5,053,483</u>	<u>946,049</u>	<u>768,782</u>
Fund Balance - Ending	<u>\$ 4,893,837</u>	<u>\$ 417,170</u>	<u>\$ 502,250</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 4,805,121	\$ 419,363	\$ 503,399
Less: Outstanding Checks	(10,268)	(2,193)	(1,149)
Payroll Revolving Account Reconciled Balance	98,984		
Fund Balance - Ending	<u>\$ 4,893,837</u>	<u>\$ 417,170</u>	<u>\$ 502,250</u>

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

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

<b>Budgeted Funds</b>			<b>Unbudgeted Funds</b>		
<b>Local Government Economic Assistance Fund</b>	<b>Federal Grants Fund</b>	<b>Special Clerk Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
\$	\$	\$	\$	\$	\$ 3,643,174
					37,683
					342,284
					46,721
103,208			949,375		7,300,522
					183,216
2,000		39,119		416,253	1,069,653
346	9,399	177			26,233
105,554	9,399	39,296	949,375	416,253	12,649,486
					2,114,301
27,407					2,703,701
					746,381
17,195					63,463
69,750				416,817	588,817
	204,571				3,091,819
					13,542
					84,742
			949,375		1,474,188
	104,547				711,245
					2,435,149
114,352	309,118		949,375	416,817	14,027,348
(8,798)	(299,719)	39,296		(564)	(1,377,862)
					131,476
					21,544
					400,000
					(400,000)
					153,020
(8,798)	(299,719)	39,296		(564)	(1,224,842)
126,317	1,993,315	38,853		5,106	8,931,905
\$ 117,519	\$ 1,693,596	\$ 78,149	\$ 0	\$ 4,542	\$ 7,707,063
\$ 127,519	\$ 1,693,596	\$ 78,149	\$	\$ 13,808	\$ 7,640,955
(10,000)				(9,266)	(32,876)
					98,984
\$ 117,519	\$ 1,693,596	\$ 78,149	\$ 0	\$ 4,542	\$ 7,707,063

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 .....	11
NOTE 2.	DEPOSITS .....	14
NOTE 3.	TRANSFERS.....	14
NOTE 4.	CUSTODIAL FUNDS .....	15
NOTE 5.	RECEIVABLE .....	15
NOTE 6.	LEASES .....	16
NOTE 7.	SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) .....	18
NOTE 8.	LONG-TERM DEBT .....	18
NOTE 9.	COMMITMENTS AND CONTINGENCIES .....	25
NOTE 10.	EMPLOYEE RETIREMENT SYSTEM .....	25
NOTE 11.	DEFERRED COMPENSATION.....	29
NOTE 12.	INSURANCE.....	29
NOTE 13.	PAYROLL REVOLVING ACCOUNT .....	29
NOTE 14.	CONDUIT DEBT.....	29
NOTE 15.	PRIOR PERIOD ADJUSTMENTS .....	30
NOTE 16.	RELATED PARTY TRANSACTION.....	30

**BRECKINRIDGE COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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

Breckinridge Health, Inc. would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity. An audit of the entity referenced above can be obtained from the Breckinridge County Fiscal Court: 208 South Main Street, Hardinsburg, KY 40143.

**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.

**BRECKINRIDGE 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)**

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

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

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.

Federal Grants Fund - The primary purpose of this fund is to account for grants and related disbursements for federal funds. The primary sources of receipts for this fund are federal payments.

Special Clerk Fund - The primary purpose of this fund is to account for the document storage fees for the county clerk and related disbursements. KRS 64.012 requires that the fiscal court hold these funds on the clerk's behalf in perpetuity until spent on allowable document storage disbursements.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

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

**D. Budgetary Information**

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

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



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

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

**D. Budgetary Information (Continued)**

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

The state local finance officer does not require the 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. Breckinridge County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

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

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

**H. Related Organization**

Related organizations are associated or affiliated with, have control over, or are controlled by, each other. However, a related organization can be an entity for which the primary government is not financially accountable, but the primary government is still accountable because it appoints a voting majority of the board. The Breckinridge County Fiscal Court appoints a voting majority of the board for the Breckinridge County United Economic Development, thus making it a related organization.

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

**Note 3. Transfers**

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

	General Fund	Total Transfers In
Road Fund	\$ 400,000	\$ 400,000
Total Transfers Out	<u>\$ 400,000</u>	<u>\$ 400,000</u>

Reason for transfers:

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

**BRECKINRIDGE 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. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$6,341.

**Note 5. Receivable**

The Breckinridge County Fiscal Court entered into a financing obligation with KACoLT for the acquisition, construction, and equipping of an emergency service building. The Breckinridge County Fiscal Court has an informal agreement with the Custer Volunteer Fire Department, whereby the fire department will make annual payments of \$10,000 to the fiscal court each year until the obligation is satisfied. The Custer Volunteer Fire Department did not begin making payments to the Breckinridge County Fiscal Court until fiscal year 2016 and only paid \$5,000 for fiscal year 2019; therefore, the receivable will extend past the final payment of the financing obligation on December 20, 2033.

The balance of the receivable as of June 30, 2024, was \$126,867. Future amounts due to the Breckinridge County Fiscal Court are:

Fiscal Year Ended June 30	Amount
2024 *	\$ 10,000
2025	10,000
2026	10,000
2027	10,000
2028	10,000
2029	10,000
2030-2034	50,000
2035-2037	16,867
Totals	<u>\$ 126,867</u>

\*The Custer Volunteer Fire Department paid the fiscal year 2024 payment on July 9, 2024.

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

**Note 6. Leases**

**A. Lessor**

**1. McDaniels Fire-Rescue, Inc.**

On January 1, 2023, the Breckinridge County Fiscal Court began leasing land to McDaniels Fire-Rescue, Inc. The lease is for 25 years, and the Breckinridge County Fiscal Court will receive annual payments of \$1. The Breckinridge County Fiscal Court did not recognize any lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Breckinridge County Fiscal Court does not have a receivable for lease payments since this lease was paid in full when the lease was entered in January of 2023.

**2. Administrative Office of the Courts**

On April 26, 2023, the Breckinridge County Fiscal Court began leasing office space in the Breckinridge County Justice Center to the Administrative Office of the Courts (AOC). The lease was for one fiscal year and Breckinridge County would receive quarterly payments. The Breckinridge County Fiscal Court recognized \$279,580 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Breckinridge County Fiscal Court's receivable for lease payments was \$0.

**B. Lessee**

**1. Copiers**

On February 20, 2023, the Breckinridge County Fiscal Court entered into a 63-month lease agreement as lessee for the use of four copiers. An initial lease liability was recorded in the amount of \$35,902 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$27,353. The Breckinridge County Fiscal Court is required to make monthly payments of \$570.

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

Fiscal Year Ended June 30	Amount
2025	\$ 6,838
2026	6,838
2027	6,838
2028	6,839
Total Lease Payments	<u>\$ 27,353</u>

**2. Printers**

On April 17, 2023, the Breckinridge County Fiscal Court entered into a 63-month lease agreement as lessee for the use of five printers. An initial lease liability was recorded in the amount of \$13,858 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$10,999. The Breckinridge County Fiscal Court is required to make monthly payments of \$220.

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

**Note 6. Leases (Continued)**

**B. Lessee (Continued)**

**2. Printers (Continued)**

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

Fiscal Year Ended June 30	Amount
2025	\$ 2,640
2026	2,640
2027	2,640
2028	2,640
2029	439
Total Lease Payments	<u>\$ 10,999</u>

**3. Dispatch Chairs**

On May 5, 2023, the Breckinridge County Fiscal Court entered into a three-year lease agreement as lessee for the use of two chairs. An initial lease liability was recorded in the amount of \$3,279 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$2,186. The Breckinridge County Fiscal Court is required to make yearly payments of \$1,093.

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

Fiscal Year Ended June 30	Amount
2025	\$ 1,093
2026	1,093
Total Lease Payments	<u>\$ 2,186</u>

**4. Copiers - Jail**

On December 6, 2010, the Breckinridge County Fiscal Court entered into a four-year lease agreement as lessee for the use of copiers. That lease agreement had an auto renewal clause for periods of 12 months at a time. The Breckinridge County Fiscal Court has been exercising the auto renewal clause since the initial lease expired in June 2015. An initial lease liability was recorded in the amount of \$7,056 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$0. The Breckinridge County Fiscal Court is required to make monthly payments of \$591.

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

**Note 7. Subscription-Based Information Technology Arrangements (SBITA)**

**A. SBITA – Mobile 311 Subscription**

The Breckinridge County Fiscal Court entered into a subscription-based information technology arrangement for mobile 311 software for dispatch. This subscription is renewed annually, and the Breckinridge County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0. The Breckinridge County Fiscal Court made annual payments of \$7,154 for fiscal year 2024.

**B. SBITA – Mapping Subscription**

The Breckinridge County Fiscal Court entered into a subscription-based information technology arrangement for mapping software for E911. This subscription is renewed annually, and the Breckinridge County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0. The Breckinridge County Fiscal Court made annual payments of \$5,040 for fiscal year 2024.

**Note 8. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Detention Center Renovations**

On February 26, 1998, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$5,300,000 at a 5.64% interest rate. The financing obligation was for the construction of the detention facility. On January 31, 2000, the Breckinridge County Fiscal Court refinanced in the amount of \$5,500,000 at a 5.30% effective interest rate. The maturity date of the obligation is January 20, 2025.

Remedies on default:

- (a) By appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due;
- (b) sell or re-lease the project or any portion thereof; or
- (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease and any collateral documents (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law), and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

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

**Note 8. Long-term Debt (Continued)**

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

**1. Detention Center Renovations (Continued)**

As of June 30, 2024, the principal balance was \$386,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 386,000	\$ 1,952
Totals	<u>\$ 386,000</u>	<u>\$ 1,952</u>

**2. Emergency Services Building**

On August 28, 2014, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$140,000. Interest rates range from 3.00% to 3.50%. The financing obligation was for the acquisition, construction, and equipping of an emergency service building.

Remedies on default:

- (a) By appropriate court action, enforce the pledge set forth in section 2 of the ordinance and section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the lease rental payments when and as due;
- (b) take legal title to, and sell or re-lease the project or any portion thereof;
- (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

As of June 30, 2024, the principal balance was \$90,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 5,000	\$ 3,325
2026	5,000	3,163
2027	10,000	2,925
2028	10,000	2,600
2029	10,000	2,263
2030-2034	<u>50,000</u>	<u>5,937</u>
Totals	<u>\$ 90,000</u>	<u>\$ 20,213</u>

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

**Note 8. Long-term Debt (Continued)**

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

**3. Trucks**

On August 12, 2021, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$161,732 at a 2.58% interest rate. The financing obligation was for the acquisition of two trucks. The maturity date of the obligation is September 20, 2025.

Remedies on default:

- (a) Terminate the lease term and give notice to the lessee to vacate or surrender the project with 60 days from the date of such notice;
- (b) By written notice to the lessee, enter and take immediate possession of the project;
- (c) Recover from the lessee:
  - (i) the lease payment which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the project; and
  - (ii) lease payments which would otherwise have been payable hereunder after the lessee vacates or surrenders the project during the remainder of the fiscal year in which such event of default occurs;
- (d) Sell or lease the project or sublease it for the account of the lessee, holding the lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past due lease payments and then to the portion of lease payments applicable to the principal component in inverse order of their due date; and
- (e) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law, subject to the limitations contained in this lease with respect to the lessee's obligations upon the occurrence of an event of nonappropriation; or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project, including, but not limited to, any one or more remedial steps available to secured parties under Article 9 of the UCC and which are otherwise accorded to Lessor by applicable law.

As of June 30, 2024, the principal balance was \$82,766. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 40,957	\$ 2,135
2026	41,809	1,079
Totals	<u>\$ 82,766</u>	<u>\$ 3,214</u>



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

**Note 8. Long-term Debt (Continued)**

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

**4. Motorola Console System**

On June 27, 2022, the Breckinridge County Fiscal Court entered into an agreement with Motorola Solutions, Inc. in the sum of \$147,175. The financing obligation was for the acquisition of dispatch equipment. The maturity date of the obligation is July 1, 2027.

**Remedies on default:**

- (i) by written notice to lessee, declare all amounts then due under the lease, and all remaining lease payments due during the fiscal period in effect when the default occurs to be immediately due and payable, whereupon the same shall become immediately due and payable;
- (ii) by written notice to the lessee, request the lessee to (and the lessee agrees that it will), at the lessee's expense, promptly discontinue use of the equipment, remove the equipment from all of the lessee's computers and electronic devices, return the equipment to the lessor in the manner set forth in section 5 hereof, or lessor, at its option, may enter upon the premises where the equipment is located and take immediate possession of and remove the same;
- (iii) sell or lease the equipment or sublease it for the account of the lessee, holding the lessee liable for all lease payments and other amounts due prior to the effective date of such selling, leasing or subleasing and for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the amounts payable by the lessee hereunder;
- (iv) promptly return the equipment to the lessor in the manner set forth in section 5 hereof; and
- (v) exercise any other right, remedy or privilege which may be available to it under applicable laws of the state of the equipment location or any other applicable law or proceed by appropriate court action to enforce the terms of the lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the equipment.

As of June 30, 2024, the principal balance was \$120,395. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 28,046	\$ 5,694
2026	29,372	4,368
2027	30,761	2,978
2028	32,216	1,524
Totals	<u>\$ 120,395</u>	<u>\$ 14,564</u>

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

**Note 8. Long-term Debt (Continued)**

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

**5. Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2017**

On June 13, 2017, the Breckinridge County Public Properties Corporation issued \$7,644,313 of Mortgage Revenue Refunding Bonds, (Justice Center Project), Series 2017 for the purpose of financing the costs of the refunds and partial refinancing of the outstanding Breckinridge County Public Properties Corporation First Mortgage Revenue Bonds (Justice Center Project), Series 2010. Principal payments are due February 1, and the interest payments are due February 1 and August 1 with a 2.57% interest rate. The bonds will mature on February 1, 2031.

The Kentucky Administrative Office of the Courts (AOC) has agreed to a biannual lease that will cover the debt costs and will be paid to directly to the bank on behalf of the county as required by a use and sublease agreement between the county and AOC dated June 1, 2017.

Under the terms of the lease agreement, AOC has agreed to annually pay directly to the bank for the bonds approximately 100 percent of the net debt service, the stated use allowance payment, subject to constitutional restrictions limiting the commitment to state agencies to the then current biennial period; said amount to be applied only to the principal of and interest on the bonds so long as the county renews the lease. Under the lease, the corporation has pledged and assigned all of its rights under the lease agreement to the trustee in order to secure the bonds.

Upon the happening and continuance of any event of default, the purchaser may, subject to its right to be indemnified to its satisfaction, proceed to protect and enforce its rights by such of the following remedies, as the purchaser, being advised by counsel, shall deem most effectual to protect and enforce such rights:

- (a) by enforcement of the foreclosable mortgage lien on the project and improvements granted by this mortgage, and in such event the purchaser shall take over possession, custody and control of the project and shall operate or carry out a decretal sale of same with due regard to state and Federal law and the covenants contained in the lease; provided, however, that no such foreclosure sale shall result in a deficiency judgment of any type or in any amount against the county, the AOC or the issuer, and until such sale the county or the AOC may at any time by the discharge of the bonds and interest thereon receive unencumbered fee simple title to the mortgaged facilities; provided that in the event of any such enforcement of said lien by the purchaser, there shall first be paid all expenses incident to said enforcement, and thereafter the bonds then outstanding shall be paid and retired;
- (b) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the purchaser, including the right to require the issuer to enforce fully the lease and to charge, collect and fully account for the rental payments payable thereunder and to require the issuer to carry out any and all other covenants or agreements with the purchaser and to perform its duties under the act;
- (c) by bringing suit upon the bonds;
- (d) by action or suit in equity, require the issuer to account as if it were the trustee of an express trust for the owners of the bonds;
- (e) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds;
- (f) by declaring all bonds due and payable, and if all defaults shall be made good, then, by annulling such declaration and its consequences;
- (g) in the event that all bonds are declared due and payable, by selling permitted investments of the issuer (to the extent not theretofore set aside for redemption of bonds for which call has been made), and enforcing all courses in action of the Issuer to the fullest legal extent in the name of the issuer.

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

**Note 8. Long-term Debt (Continued)**

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

**5. Mortgage Revenue Refunding Bonds (Justice Center Project), Series 2017 (Continued)**

As of June 30, 2024, the principal balance was \$6,026,687. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 797,089	\$ 154,887
2026	818,974	134,401
2027	835,221	113,353
2028	860,887	91,888
2029	883,799	69,763
2030-2031	<u>1,830,717</u>	<u>70,819</u>
Totals	<u>\$ 6,026,687</u>	<u>\$ 635,111</u>

**6. Sheriff's Trucks**

On August 25, 2023, the Breckinridge County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the sum of \$131,476 at a 5.39% interest rate. The financing obligation was for the acquisition of two trucks for the sheriff's office. The maturity date of the obligation is December 20, 2025.

Remedies on default:

- (a) Terminate the lease term and give notice to the lessee to vacate or surrender the project with 60 days from the date of such notice;
- (b) By written notice to the lessee, enter and take immediate possession of the project;
- (c) Recover from the lessee:
  - (i) the lease payment which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the project; and
  - (ii) lease payments which would otherwise have been payable hereunder after the lessee vacates or surrenders the project during the remainder of the fiscal year in which such event of default occurs;
- (d) Sell or lease the project or sublease it for the account of the lessee, holding the lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past due lease payments and then to the portion of lease payments applicable to the principal component in inverse order of their due date; and

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

**Note 8. Long-term Debt (Continued)**

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

**6. Sheriff's Trucks (Continued)**

Remedies on default: (Continued)

- (e) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law, subject to the limitations contained in this lease with respect to the lessee's obligations upon the occurrence of an event of nonappropriation; or proceed by appropriate court action to enforce the terms of this lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project, including, but not limited to, any one or more remedial steps available to secured parties under Article 9 of the UCC and which are otherwise accorded to the lessor by applicable law.

As of June 30, 2024, the principal balance was \$86,954. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 42,395	\$ 4,787
2026	<u>44,559</u>	<u>2,453</u>
Totals	<u>\$ 86,954</u>	<u>\$ 7,240</u>

**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>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	<u>\$ 7,919,333</u>	<u>\$ 131,476</u>	<u>\$1,258,007</u>	<u>\$ 6,792,802</u>	<u>\$ 1,299,487</u>
Total Long-term Debt	<u>\$ 7,919,333</u>	<u>\$ 131,476</u>	<u>\$ 1,258,007</u>	<u>\$ 6,792,802</u>	<u>\$ 1,299,487</u>

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

**Note 8. Long-term Debt (Continued)**

**C. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2025	\$ 1,299,487	\$ 172,780
2026	939,714	145,464
2027	875,982	119,256
2028	903,103	96,012
2029	893,799	72,026
2030-2034	1,880,717	76,756
Totals	<u>\$ 6,792,802</u>	<u>\$ 682,294</u>

**Note 9. Commitments and Contingencies**

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

**Note 10. Employee Retirement System**

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

The county's contribution for FY 2022 was \$858,339, FY 2023 was \$1,043,670, and FY 2024 was \$1,052,772.

Nonhazardous

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

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

**Note 10. Employee Retirement System (Continued)**

Nonhazardous (Continued)

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

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

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

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the CERS 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. Hazardous members contribute 8% of their annual creditable compensation and also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for hazardous employees was 43.69%.

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

**Note 10. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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

**Note 10. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

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

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



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

**Note 11. Deferred Compensation**

The Breckinridge 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 12. Insurance**

For the fiscal year ended June 30, 2024, the Breckinridge County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 13. Payroll Revolving Account**

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

**Note 14. Conduit Debt**

From time to time, the county has issued bonds and notes 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 Breckinridge County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2024, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

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

**Note 15. Prior Period Adjustments**

	General Fund	Local Government Economic Assistance Fund
Ending Fund Balances Prior Year	\$ 5,050,986	\$ 125,747
Rounding	1	
Prior Year Voided Checks	<u>2,496</u>	<u>570</u>
Beginning Fund Balances Restated	<u>\$ 5,053,483</u>	<u>\$ 126,317</u>

**Note 16. Related Party Transaction**

The Breckinridge County Attorney's father owns a limited liability company that performed some repairs to the roof and upstairs at the courthouse. The fiscal court paid \$928 for fiscal year June 30, 2024, for this activity.

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,695,500	\$ 2,695,500	\$ 3,643,174	\$ 947,674
In Lieu Tax Payments	18,900	18,900	37,683	18,783
Excess Fees	22,080	22,080	342,284	320,204
Licenses and Permits	39,500	39,500	46,721	7,221
Intergovernmental	1,343,416	1,343,416	1,285,543	(57,873)
Charges for Services	18,000	18,000	44,240	26,240
Miscellaneous	196,100	196,100	360,387	164,287
Interest			13,756	13,756
Total Receipts	4,333,496	4,333,496	5,773,788	1,440,292
<b>DISBURSEMENTS</b>				
General Government	2,408,423	2,429,078	2,114,301	314,777
Protection to Persons and Property	753,781	754,991	593,570	161,421
General Health and Sanitation	569,688	709,107	410,093	299,014
Social Services	30,187	46,455	46,268	187
Recreation and Culture	179,168	181,633	102,250	79,383
Airports	12,011	13,875	13,542	333
Bus Services	162,000	95,981	84,742	11,239
Debt Service	42,228	42,228	89,246	(47,018)
Capital Projects	711,001	711,001	481,698	229,303
Administration	2,361,701	2,245,839	1,750,744	495,095
Total Disbursements	7,230,188	7,230,188	5,686,454	1,543,734
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,896,692)	(2,896,692)	87,334	2,984,026
<b>Other Adjustments to Cash (Uses)</b>				
Governmental Leasing Act Receipts			131,476	131,476
Transfers To Other Funds	(400,000)	400,000	(400,000)	(800,000)
Total Other Adjustments to Cash (Uses)	(400,000)	400,000	(268,524)	(668,524)
Net Change in Fund Balance	(3,296,692)	(2,496,692)	(181,190)	2,315,502
Fund Balance - Beginning (Restated)	2,496,692	2,496,692	4,976,043	2,479,351
Fund Balance - Ending	\$ (800,000)	\$ 0	\$ 4,794,853	\$ 4,794,853

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,084,244	\$ 2,355,053	\$ 2,284,933	\$ (70,120)
Miscellaneous	25,000	25,000	63,167	38,167
Interest			2,363	2,363
Total Receipts	<u>2,109,244</u>	<u>2,380,053</u>	<u>2,350,463</u>	<u>(29,590)</u>
<b>DISBURSEMENTS</b>				
Roads	2,639,122	3,206,955	2,887,248	319,707
Debt Service	43,293	43,293	43,293	
Capital Projects	80,000	143,104	125,000	18,104
Administration	355,750	332,750	223,801	108,949
Total Disbursements	<u>3,118,165</u>	<u>3,726,102</u>	<u>3,279,342</u>	<u>446,760</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,008,921)</u>	<u>(1,346,049)</u>	<u>(928,879)</u>	<u>417,170</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Total Other Adjustments to Cash (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Net Change in Fund Balance	(608,921)	(946,049)	(528,879)	417,170
Fund Balance - Beginning	<u>608,921</u>	<u>946,049</u>	<u>946,049</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 417,170</u>	<u>\$ 417,170</u>

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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,656,354	\$ 2,725,944	\$ 2,677,463	\$ (48,481)
Charges for Services	72,000	72,000	138,976	66,976
Miscellaneous	46,000	90,019	188,727	98,708
Interest	250	250	192	(58)
Total Receipts	<u>2,774,604</u>	<u>2,888,213</u>	<u>3,005,358</u>	<u>117,145</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,010,723	2,138,714	2,082,724	55,990
General Health and Sanitation	351,716	349,266	336,288	12,978
Debt Service	392,274	392,274	392,274	
Administration	519,891	507,959	460,604	47,355
Total Disbursements	<u>3,274,604</u>	<u>3,388,213</u>	<u>3,271,890</u>	<u>116,323</u>
Net Change in Fund Balance	(500,000)	(500,000)	(266,532)	233,468
Fund Balance - Beginning	<u>500,000</u>	<u>500,000</u>	<u>768,782</u>	<u>268,782</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 502,250</u>	<u>\$ 502,250</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 103,208	\$ 13,208
Miscellaneous			2,000	2,000
Interest			346	346
Total Receipts	90,000	90,000	105,554	15,554
<b>DISBURSEMENTS</b>				
General Government	1,500	1,500		1,500
Protection to Persons and Property	40,000	40,183	27,407	12,776
Social Services	24,375	24,375	17,195	7,180
Recreation and Culture	70,000	70,000	69,750	250
Administration	3,840	3,657		3,657
Total Disbursements	139,715	139,715	114,352	25,363
Net Change in Fund Balance	(49,715)	(49,715)	(8,798)	40,917
Fund Balance - Beginning (Restated)	49,715	49,715	126,317	76,602
Fund Balance - Ending	\$ 0	\$ 0	\$ 117,519	\$ 117,519



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

<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Interest	\$	\$	\$ 9,399
Total Receipts			9,399
<b>DISBURSEMENTS</b>			
Roads		894,022	204,571
Capital Projects		1,094,687	104,547
Administration	1,988,709		
Total Disbursements	1,988,709	1,988,709	309,118
Net Change in Fund Balance	(1,988,709)	(1,988,709)	(299,719)
Fund Balance - Beginning	1,988,709	1,988,709	1,993,315
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,693,596

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

<b>SPECIAL CLERK FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 40,500	\$ 40,500	\$ 39,119	\$ (1,381)
Interest			177	177
Total Receipts	40,500	40,500	39,296	(1,204)
<b>DISBURSEMENTS</b>				
General Government	40,500	40,500		40,500
Total Disbursements	40,500	40,500		40,500
Net Change in Fund Balance			39,296	39,296
Fund Balance - Beginning			38,853	38,853
Fund Balance - Ending	\$ 0	\$ 0	\$ 78,149	\$ 78,149

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

**June 30, 2024**

**Note 1. Budgetary Information**

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

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

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

**Note 2. Reconciliation of the General Fund**

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (268,524)
To adjust for change in payroll revolving account	<u>21,544</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ (246,980)</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 4,794,853
To adjust for balance of payroll revolving account	<u>98,984</u>
Total Fund Balance - Ending - Budgetary Basis	<u><u>\$ 4,893,837</u></u>

**Note 3. Excess of Disbursements Over Appropriations**

The General Fund, debt service line-item exceeded budgeted appropriations by \$47,018.

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 1,992,546	\$	\$	\$ 1,992,546
Construction In Progress	1,121,716			1,121,716
Buildings and Building Improvements	22,438,652			22,438,652
Vehicles	1,969,663	517,464	152,225	2,334,902
Equipment	3,332,336	29,874		3,362,210
Infrastructure	14,872,377	1,068,596		15,940,973
 Total Capital Assets	 \$ 45,727,290	 \$ 1,615,934	 \$ 152,225	 \$ 47,190,999

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

**June 30, 2024**

**Note 1. Capital Assets**

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	5-15
Infrastructure	\$ 20,000	10-50

**Note 2. Restatement of Capital Assets Beginning Balances**

The beginning balance for equipment was restated by \$156,000 for a prior year omitted asset and the beginning balance for infrastructure was restated by \$(30) for a prior year error.



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

THIS PAGE LEFT BLANK INTENTIONALLY



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

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

**Independent Auditor's Report**

The Honorable Maurice Lucas, Breckinridge County Judge/Executive  
Members of the Breckinridge 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 Breckinridge County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Breckinridge County Fiscal Court's financial statement and have issued our report thereon dated May 12, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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



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

**Report on Compliance And Other Matters**

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

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

May 12, 2025

**BRECKINRIDGE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

THIS PAGE LEFT BLANK INTENTIONALLY

**BRECKINRIDGE COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

FINANCIAL STATEMENT FINDINGS:

2024-001    The Breckinridge County Fiscal Court Failed To Implement Adequate Internal Controls Over Cash And Debt Service Processes And Financial Reporting

---

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Breckinridge County Fiscal Court had internal control weaknesses and noncompliances regarding cash processes and financial reporting. The following issues were noted with Breckinridge County Fiscal Court's cash and debt service processes and financial reporting:

- When the former county treasurer entered the budget for fiscal year ending June 30, 2024, into the accounting software, she incorrectly recorded the General Fund transfers out totaling \$400,000 as a positive amount.
- The fourth quarter financial statement was misstated by \$156,902.
- The county treasurer failed to record borrowed money proceeds in the amount of \$131,476, and the corresponding purchase of the same amount for sheriff's vehicles.
- The fiscal court failed to budget \$47,018 of debt service payments made by the sheriff's office on behalf of the fiscal court.

There were no internal controls implemented by the fiscal court to prevent the aforementioned problems. The general fund budget was out of balance by \$800,000. Additionally, the county treasurer was not aware that she needed to budget for or record loan proceeds when they were paid directly by the lender to the vendor, since she did not directly receive these funds or that she needed to budget for and record debt service payments made by the sheriff's office on behalf of the fiscal court.

The failure to maintain accurate and detailed accounting information does not provide a true picture of the activities within the fiscal court's accounts and increases the risk that undetected misstatements due to error or fraud could occur. Additionally, by incorrectly recording amounts in the approved budget the fiscal court could overspend this fund. Furthermore, by not properly budgeting all transactions, the fiscal court overspent debt service line items in the general fund by \$47,018.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts, which is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, requires all borrowed money received and repaid to be reflected in the county budget.

Furthermore, KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Ensuring all transactions are recorded properly and ensuring all accounts are accounted for are basic internal controls necessary to ensure the accuracy and reliability of financial reports.

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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-001 The Breckinridge County Fiscal Court Failed To Implement Adequate Internal Controls Over Cash And Debt Service Processes And Financial Reporting (Continued)

---

We recommend the following to address these issues:

- The fiscal court should strengthen oversight and internal controls in order to ensure complete and accurate accounting records are maintained and establish checks and balances to verify that the amounts recorded and reported are accurate.
- The fiscal court should ensure all amounts are recorded in the budget correctly.
- The fiscal court should ensure that they properly budget and record all borrowed money and any related purchases, as well as all debt service payments.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: This was an oversight on our part and steps have been taken to ensure this does not happen in the future.*

2024-002 The Breckinridge County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements And Bidding Processes

---

The Breckinridge County Fiscal Court did not have adequate internal controls over disbursements and bidding processes. We tested 25 transactions totaling \$3,866,527, which resulted in the following issues:

- One disbursement for the purchase of a truck in the amount of \$49,005 did not have an itemized invoice or the corresponding specification sheet. In addition, rather than procuring the vehicle by soliciting bids per KRS 424.260, the county opted to procure the vehicle using the state pricing contract. However, the county failed to obtain quotes from a minimum of three dealers who have master agreements with the Finance and Administration Cabinet.
- The purchase of three used vehicles totaling \$79,700, jail video arraignment equipment in the amount of \$113,609, and four recycling trailers and four wire mesh trailers totaling \$108,312 were not advertised for bid by the fiscal court.
- The fiscal court failed to properly procure bids for the food service contract at the Breckinridge County Detention Center, which totaled \$282,624.
- Bids to provide road tile and crushed stone to the fiscal court were accepted from multiple vendors.

The deviations above are the result of a weak control environment over the purchasing process. In addition, staff were unaware of the Finance and Administration Cabinet's policies and procedures regarding the state pricing contract. Furthermore, according to the jailer's finance officer, the jailer did not procure bids for food services, but rather renewed her existing contract with the previous vendor.

The issues noted above resulted in the county not complying with state laws and its own administrative code. These internal control weaknesses could also result in claims being paid which are not valid obligations of the fiscal court and misappropriation of assets. Additionally, by not advertising for bids, the county may not have received the best price for the goods and services described above..



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

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Breckinridge County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements And Bidding Processes (Continued)

---

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

Additionally, a county or fee official should advertise for bids in accordance with KRS 424.260(1), which states: “Except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for:

- (a) Materials;
- (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits;
- (c) Equipment; or
- (d) Contractual services other than professional; involving an expenditure of more than forty thousand dollars (\$40,000) without first making newspaper advertisement for bids.”

However, if the county has adopted purchasing policies in which the bid threshold is more restrictive than the bid threshold discussed to in than that of KRS 424.260, then the county or fee official should adhere to the county’s policies. The Breckinridge County Fiscal Court’s Administration Code states, “[a]ny expenditures or contract for materials, supplies (except perishable meat, fish, and vegetables), or for contractual services other than professional, involving an expenditure of more than Thirty Thousand Dollars (\$30,000) shall be subject to competitive bidding.”

Per KRS 45A.050(3), a county or fee official can opt out of the bidding process altogether and procure vehicles at the state price contracts using the Finance and Administration Cabinet’s Master Agreements.

KRS 45A.055(1) states, “the secretary of the Finance and Administration Cabinet shall publish the initial state purchasing regulations in accordance with current Finance and Administration Cabinet policies and procedures.”

The Finance and Administration Cabinet developed an updated Vehicle Purchasing Requirements that took effect February 1, 2023. Master Agreements may be used under these requirements, but a county or fee official is responsible for obtaining a quote from a minimum of three dealers who are parties to the Master Agreements.

We recommend the Breckinridge County Fiscal Court implement internal controls over disbursement and procurement processes to ensure itemized invoices are obtained for all purchases and proper procurement procedures are established to ensure compliance with state statutes and county policy. Additionally, if the county chooses to opt out of the bidding process by purchasing vehicles using a state price contract, we recommend that the county comply with the Finance and Administration Cabinet’s policies by obtaining quotes with a minimum of three dealers who have Master Agreements with the Finance and Administration Cabinet.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: Steps have been taken to ensure this does not happen in the future.*

THIS PAGE LEFT BLANK INTENTIONALLY

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

**BRECKINRIDGE COUNTY FISCAL COURT**

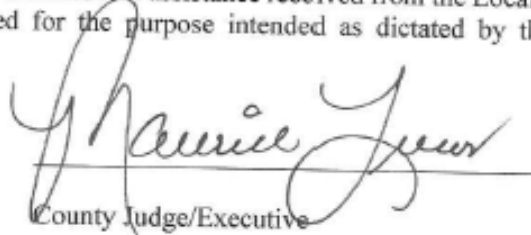
**For The Year Ended June 30, 2024**

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Breckinridge 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