

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

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



**ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Jerry Gilliam, Christian County Judge/Executive
Members of the Christian 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 Christian County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Christian 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 Christian 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 Christian 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 Christian 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 Jerry Gilliam, Christian County Judge/Executive
 Members of the Christian 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 Christian 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

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

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

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

Other Information

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

To the People of Kentucky
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Other Reporting Required by *Government Auditing Standards*

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

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

- 2024-001 The Christian County Fiscal Court Failed To Implement Effective Internal Controls Over Financial Reporting
- 2024-002 The Christian County Fiscal Court's Schedule Of Expenditures Of Federal Awards (SEFA) Was Materially Misstated
- 2024-003 The Christian County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 19, 2024

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

Jerry Gilliam	County Judge/Executive
Magaline Ferguson	Magistrate
Josh Turner	Magistrate
George Barnett	Magistrate
J.E. Pryor	Magistrate
Rich Liebe	Magistrate
Phillip Peterson	Magistrate
Russ Guffey	Magistrate
John Bruce	Magistrate

Other Elected Officials:

Lincoln Foster	County Attorney
Adam Smith	Jailer
Melinda Humphries	County Clerk
Paige Parker	Circuit Court Clerk
Tyler DeArmond	Sheriff
Angie Strader	Property Valuation Administrator
Scott Daniel	Coroner

Appointed Personnel:

Walter Cummings	County Treasurer - 7/1/23 to 10/31/23
Natalie Pyle	County Treasurer - 11/01/23 to 06/30/24
Shanon DeArmond	Chief Financial Officer - 7/1/23 to 9/30/23
Nicole Gentry	Chief Financial Officer - 10/1/23 to 6/30/24

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds				
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund	E911 Fund
RECEIPTS					
Taxes	\$ 9,886,667	\$	\$	\$	\$ 77,540
In Lieu Tax Payments	203,402				
Excess Fees	703,445				
Licenses and Permits	144,758				
Intergovernmental	6,994,670	2,722,602	6,036,046	304,178	411,747
Charges for Services	291,322		480,212		
Miscellaneous	539,266	122,139	201,282		
Interest	627,400	53,309	15,388	8,117	57,026
Total Receipts	19,390,930	2,898,050	6,732,928	312,295	546,313
DISBURSEMENTS					
General Government	3,934,450				
Protection to Persons and Property	989,125		6,058,612		548,363
General Health and Sanitation	825,246				
Social Services	149,394				
Recreation and Culture	709,500				
Roads		3,285,753		249,157	
Airports	30,000				
Debt Service	45,393				
Capital Projects	4,998,452				
Administration	5,017,663	446,737	1,938,292		
Total Disbursements	16,699,223	3,732,490	7,996,904	249,157	548,363
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	2,691,707	(834,440)	(1,263,976)	63,138	(2,050)
Other Adjustments to Cash (Uses)					
Lease Premium	162,000				
Financing Obligation Proceeds	2,452,943				
Transfers From Other Funds		750,000	1,250,000		
Transfers To Other Funds	(2,956,791)				
Total Other Adjustments to Cash (Uses)	(341,848)	750,000	1,250,000		
Net Change in Fund Balance	2,349,859	(84,440)	(13,976)	63,138	(2,050)
Fund Balance - Beginning (Restated)	9,656,680	148,217	232,052	156,137	954,163
Fund Balance - Ending	\$ 12,006,539	\$ 63,777	\$ 218,076	\$ 219,275	\$ 952,113
Composition of Fund Balance					
Bank Balance	\$ 12,398,015	\$ 68,605	\$ 278,658	\$ 219,275	\$ 1,065,897
Less: Outstanding Checks	(391,476)	(4,828)	(60,582)		(113,784)
Fund Balance - Ending	\$ 12,006,539	\$ 63,777	\$ 218,076	\$ 219,275	\$ 952,113

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

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

Budgeted Funds		Unbudgeted Funds			Internal Service Fund
General Obligation Bond Fund	American Rescue Fund	Industrial Development Authority Revolving Loan Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$	\$	\$	\$	\$ 9,964,207	\$
				203,402	
				703,445	
				144,758	
		111,923		16,581,166	
				771,534	
		78,645	1,186,281	2,127,613	2,948,362
23,018	495,830	26,361	45,049	1,351,498	20,907
23,018	495,830	216,929	1,231,330	31,847,623	2,969,269
				3,934,450	
				7,596,100	
				825,246	
				149,394	
38,625			1,238,972	1,987,097	
				3,534,910	
				30,000	
956,791				1,002,184	
	2,552,271	32		7,550,755	
				7,402,692	2,788,287
995,416	2,552,271	32	1,238,972	34,012,828	2,788,287
(972,398)	(2,056,441)	216,897	(7,642)	(2,165,205)	180,982
				162,000	
				2,452,943	
956,791				2,956,791	
				(2,956,791)	
956,791				2,614,943	
(15,607)	(2,056,441)	216,897	(7,642)	449,738	180,982
457,238	10,602,999	427,792	695,982	23,331,260	369,007
\$ 441,631	\$ 8,546,558	\$ 644,689	\$ 688,340	\$ 23,780,998	\$ 549,989
\$ 511,505	\$ 8,546,558	\$ 644,689	\$ 703,486	\$ 24,436,688	\$ 549,998
(69,874)			(15,146)	(655,690)	(9)
\$ 441,631	\$ 8,546,558	\$ 644,689	\$ 688,340	\$ 23,780,998	\$ 549,989

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

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TO THE FINANCIAL STATEMENT**

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**CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

E911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund are 911 telephone surcharges.

General Obligation Bond Fund - The purpose of this fund is to account for debt service requirements of the general obligation bond refunding bonds. The primary sources of receipts for this fund are transfers from other funds.

American Rescue Fund - The primary purpose of this fund is to account for Coronavirus State and Local Fiscal Recovery Funds grant and related disbursements. The primary sources of receipts for this fund are from the federal grant.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Industrial Development Authority Revolving Loan Fund - The primary purpose of this fund is to account for the activities of the Christian County Industrial Development Authority. Activity of this fund includes repayment of small business loans made by the fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

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

Internal Service Fund

The fiscal court reports the following internal service fund:

Health Insurance Fund – The primary purpose of this fund is to account for the contributions, claims, and fees for self-insured employees' health insurance.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

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

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

The state local finance officer does not require the industrial development authority revolving loan fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Christian County Elected Officials

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Jointly Governed Organizations

A regional government or other multi-governmental arrangement is governed by representatives from each of the governments that created the organization, but is not a joint venture because participants do not retain an ongoing financial interest or responsibility, is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Christian County Fiscal Court:

Hopkinsville-Christian County Convention & Visitors Bureau
 Hopkinsville-Christian County Economic Development Council
 Hopkinsville-Christian County Senior Citizens, Inc.
 Hopkinsville-Christian County Planning Commission
 Hopkinsville-Christian County Ambulance Service
 Hopkinsville-Christian County Public Library
 Hopkinsville-Christian County Airport Board
 Hopkinsville-Christian County Communication Center

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

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

Note 3. Transfers

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

	General Fund	Total Transfers In
Road Fund	\$ 750,000	\$ 750,000
Jail Fund	1,250,000	1,250,000
General Obligation Bond Fund	956,791	956,791
Total Transfers Out	<u>\$ 2,956,791</u>	<u>\$ 2,956,791</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

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 \$125,831.

Escrow Fund – This fund accounts for stale-dated checks held on behalf of the county clerk’s office. The beginning balance as of July 1, 2023, was \$24,812. There were \$19,450 in receipts and \$83 in disbursements during the fiscal year, leaving a balance of \$44,179 as of June 30, 2024. When statutorily required, the county will turn over escrowed funds to the Kentucky State Treasurer as unclaimed property in compliance with KRS Chapter 393A.

Note 5. Leases

1. Lessor

A. Alhambra Theatre

On July 1, 2021, Christian County began leasing the theater portion of the Christian County Courthouse Annex commonly referred to as the Alhambra Theatre to the Pennyroyal Arts Council, Inc. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, unless either party gives the other at least 90 days written notice of its intent not to renew the lease. Christian County recognized \$1 in lease revenue during the current fiscal year related to this lease.

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

Note 5. Leases (Continued)

1. Lessor (Continued)

B. Courthouse Annex

On July 1, 2021, Christian County began leasing the Courthouse Annex to the Unified Prosecutorial System. The lease is for three years, and Christian County will receive monthly payments of \$1,884. Christian County recognized \$22,608 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, Christian County's receivables for lease payments were received in full.

C. CASA Program of Christian County, KY, Inc.

On March 1, 2024, Christian County began leasing office space to the Court Appointed Special Advocates (CASA) program. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, unless either party gives the other at least 60 days written notice of its intent not to renew the lease. Christian County recognized \$1 in lease revenue during the current fiscal year related to this lease.

2. Lessee

A. Tractors

On May 31, 2021, Christian County entered into a three-year lease agreement as lessee for the use of two tractors. A lease liability was recorded in the amount of \$27,200 during the current fiscal year, which is the annual payment due. As of June 30, 2024, the value of the lease liability was paid in full.

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

A. SBITA – Document Storage Subscription

The Christian County Clerk's Office entered into a subscription-based information technology arrangement for document storage software. The subscription terms are four years totaling \$72,000, and the county clerk's office will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$45,000. The Christian County Fiscal Court is required to make monthly payments of \$1,500.

Fiscal Year Ended June 30	Amount
2025	\$ 18,000
2026	18,000
2027	9,000
Total Subscription Payments	<u>\$ 45,000</u>

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

Note 7. Receivables

- A.** On June 1, 2019, the fiscal court loaned the Hopkinsville Industrial Foundation, Inc. \$250,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate a ten-year repayment schedule at 1.5 percent interest. As of June 30, 2024, principal balance due was \$123,421.
- B.** On January 8, 2019, the fiscal court loaned the Hopkinsville Christian County Airport Board \$300,000, for the purpose of financing the construction of ten hangars at the Hopkinsville Christian County Airport. Terms of the agreement stipulate a 12-year repayment schedule at 1.5 percent interest. As of June 30, 2024, principal balance due of \$182,313.
- C.** On June 2, 2020, the fiscal court loaned the New Horizon Scholar House of Hopkinsville, LLLP \$15,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate a five-year repayment schedule at 3 percent interest. As of June 30, 2024, principal balance due was \$3,443.
- D.** On June 2, 2020, the fiscal court loaned the New Horizon Scholar House of Hopkinsville, LLLP \$10,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate that no principal or interest payments are due until September 1, 2025, at which time the full principal amount is due. As of June 30, 2024, the principal balance due was \$10,000.
- E.** On March 15, 2023, the fiscal court loaned the Hopkinsville Christian County Airport Board \$275,000 for the purpose of financing the construction of ten hangars at the Hopkinsville Christian County Airport. Terms of agreement stipulate a 12-year repayment schedule at 3 percent interest. As of June 30, 2024, principal balance due was \$250,734.

Note 8. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Sheriff's Vehicle – 2020

On July 8, 2020, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$133,148 at a 3.41 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation was January 20, 2024. As of June 30, 2024, the principal balance has paid in full.

2. Sheriff's Vehicle – 2021

On June 2, 2021, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$268,392 at a 2.38 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2025. The balance of the financing obligation at June 30, 2024, was \$68,633. Annual debt service requirements to maturity are as follows:

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

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Sheriff's Vehicle – 2021 (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 68,633	\$ 1,633
Totals	<u>\$ 68,633</u>	<u>\$ 1,633</u>

3. Sheriff's Vehicle – 2022

On November 22, 2022, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$176,547 at a 3.74 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2026. The balance of the financing obligation at June 30, 2024, was \$78,240. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 38,402	\$ 2,926
2026	<u>39,838</u>	<u>1,490</u>
Totals	<u>\$ 78,240</u>	<u>\$ 4,416</u>

4. Sheriff's Vehicle – 2023

On September 26, 2023, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$364,943 at a 5.52 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2027. The balance of the financing obligation at June 30, 2024, was \$271,373. Annual debt service requirements to maturity are as follows:

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

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Sheriff's Vehicle – 2023 (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 85,877	\$ 15,311
2026	90,379	10,465
2027	95,117	5,366
Totals	<u>\$ 271,373</u>	<u>\$ 31,142</u>

5. Convention Center Lease

On March 19, 2019, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$981,000 at a 2.98 percent effective interest rate. The financing obligation was used for the construction of an addition at the convention center. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the project may be sold or re-leased, or a suit may be filed. The maturity date of the obligation is June 1, 2034. The balance of the financing obligation at June 30, 2024, was \$726,000. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 60,000	\$ 29,385
2026	60,000	26,234
2027	65,000	23,084
2028	70,000	19,672
2029	75,000	15,997
2030-2033	396,000	42,833
Totals	<u>\$ 726,000</u>	<u>\$ 157,205</u>

6. Library Project Lease

On March 9, 2023, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$430,000 at a 4.06 percent effective interest rate. The financing obligation was used for the acquisition, construction, installation and equipping of a new office building for the benefit of the Hopkinsville-Christian County Public Library. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the lessor may take legal title to the project and sell or re-lease it, may levy a tax on the lessee in an amount sufficient to pay the lease rental payment when and as due, or a suit may be filed to enforce its rights in and to the project or to enforce performance by the lessee of the applicable covenants and agreements under the lease. The maturity date of the obligation is December 20, 2042.

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

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. Library Project Lease (Continued)

The balance of the financing obligation at June 30, 2024, was \$415,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 15,000	\$ 21,418
2026	15,000	20,631
2027	15,000	19,844
2028	15,000	19,056
2029	15,000	18,269
2030-2034	95,000	77,455
2035-2039	130,000	47,968
2040-2043	115,000	12,958
Totals	<u>\$ 415,000</u>	<u>\$ 237,599</u>

7. Radio System Upgrade Project

On May 28, 2024, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$2,088,000 at a 3.32 percent effective interest rate. The financing obligation was used for the acquisition, construction, installation, and equipping of radio system upgrades. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the project may be sold or re-leased, or a suit may be filed. The maturity date of the obligation is February 1, 2034. The balance of the financing obligation at June 30, 2024, was \$2,088,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 145,000	\$ 127,244
2026	170,000	103,353
2027	180,000	93,923
2028	190,000	83,953
2029	205,000	73,318
2030-2034	1,198,000	183,978
Totals	<u>\$ 2,088,000</u>	<u>\$ 665,769</u>

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

Note 8. Long-term Debt (Continued)

B. Other Debt

1. General Obligation Refunding Bonds, Series 2011

On November 30, 2011, the fiscal court issued General Obligation Refunding Bonds, Series 2011, in the amount of \$3,785,000. The proceeds were used to refinance financing obligations with the Kentucky Association of Counties Leasing Trust Program for the Energy Conservation Project in the amount of \$2,210,000 and the jail renovation in the amount of \$1,575,000. The bonds bear interest of 2.00 percent to 3.125 percent. The maturity date of the bonds is February 1, 2027. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2024, the balance of these bonds was \$495,000. Annual debt service requirements to maturity for the bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 160,000	\$ 15,268
2026	165,000	10,469
2027	<u>170,000</u>	<u>5,313</u>
Totals	<u>\$ 495,000</u>	<u>\$ 31,050</u>

2. General Obligation Bonds, Series 2017

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2017, in the amount of \$7,845,000. The proceeds were used to provide funds for the completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 3.00 percent to 4.00 percent. The maturity date of the bonds is December 1, 2037. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2024, the balance of these bonds was \$7,845,000. Annual debt service requirements to maturity for the bonds are as follows:

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

Note 8. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Bonds, Series 2017 (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 365,000	\$ 251,400
2026	465,000	234,800
2027	480,000	215,900
2028	500,000	196,300
2029	525,000	175,800
2030-2034	2,875,000	615,975
2035-2038	2,635,000	161,025
Totals	<u>\$ 7,845,000</u>	<u>\$ 1,851,200</u>

3. General Obligation Bonds, Series 2018

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2018, in the amount of \$2,545,000. The proceeds were used to provide funds for the remaining costs of completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 2.00 percent. The maturity date of the bonds is December 1, 2024. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2024, the balance of these bonds was \$80,000. Annual debt service requirements to maturity for the bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	<u>\$ 80,000</u>	<u>\$ 800</u>
Totals	<u>\$ 80,000</u>	<u>\$ 800</u>

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

Note 8. Long-term Debt (Continued)

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,496,536	\$ 2,452,943	\$ 302,233	\$ 3,647,246	\$ 412,912
Other Debt	9,005,000		585,000	8,420,000	605,000
Total Long-term Debt	<u>\$ 10,501,536</u>	<u>\$ 2,452,943</u>	<u>\$ 887,233</u>	<u>\$12,067,246</u>	<u>\$ 1,017,912</u>

D. 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	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 605,000	\$ 267,468	\$ 412,912	\$ 197,917
2026	630,000	245,269	375,217	162,173
2027	650,000	221,213	355,117	142,217
2028	500,000	196,300	275,000	122,681
2029	525,000	175,800	295,000	107,584
2030-2034	2,875,000	615,975	1,689,000	304,266
2035-2039	2,635,000	161,025	130,000	47,967
2040-2043			115,000	12,959
Totals	<u>\$ 8,420,000</u>	<u>\$ 1,883,050</u>	<u>\$ 3,647,246</u>	<u>\$ 1,097,764</u>

Note 9. Employee Retirement System

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

The county's contribution for FY 2022 was \$1,032,794, FY 2023 was \$1,065,952, and FY 2024 was \$983,173.

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

Note 9. Employee Retirement System (Continued)

Nonhazardous

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

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

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

Benefits are covered under KRS 78.5536.

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

F. Annual Financial Report and Proportionate Share Audit Report

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

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

Note 10. Deferred Compensation

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

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

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

Note 11. Self-Health Insurance

The Christian County Fiscal Court elected to provide a partially self-funded health insurance plan beginning in the fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2023-2024 fiscal year.

This partially self-funded insurance plan has two distinct components that the county must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for the current fiscal year were \$53,999. The second component is the claims cost, all of which the county is responsible to pay as they incur. Once an individual exceeds \$25,000 in claims, or the county's aggregate claims exceed the predetermined maximum, the county will receive reimbursements from the reinsurance carrier. Incurred claims for the current fiscal year were \$2,730,254. The county's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision. The county would be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$549,989 as of June 30, 2024.

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

Note 12. Insurance

For the fiscal year ended June 30, 2024, the Christian 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. Related Party Transactions

For the fiscal year ended June 30, 2024, the fiscal court engaged in a related party transaction that paid a company that is owned by a magistrate \$868 for tires and mechanic work by the fiscal court.

Note 14. Conduit Debt

From time to time, the county has issued bonds and notes to provide financial assistance to various organizations 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 Christian 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.

Note 15. Tax Abatements

A. Hopkinsville-Christian County Conference Center Corporation

On February 20, 2014, the Christian County Fiscal Court entered into an interlocal agreement with the City of Hopkinsville, and Hopkinsville Tax Increment Tax Authority to abate county ad valorem real estate taxes from the Hopkinsville-Christian County Conference Center Corporation. The conference center is eligible to receive these tax abatements as it will encourage investment and increase employment and economic activity within the county. The assessed value of taxable real property within the local development area is less than 20% of the assessed value of taxable real property within the county. This agreement shall continue for 20 years after establishment. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court abated \$7,379 of taxable real property.

B. Thompson Thrift Development Inc.

On July 14, 2015, the Christian County Fiscal Court entered into an interlocal agreement with the City of Hopkinsville to abate ad valorem taxes generated by Thompson Thrift Development Inc. The city and county have agreed to pledge 100% of the incremental ad valorem tax revenue generated from the project site in order to repay the city's financing of the grant. This tax abatement will encourage and support economic development endeavors. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court abated \$44,345 of ad valorem taxes.

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

Note 15. Tax Abatements (Continued)

C. Michael Venable

In November 2019, the Christian County Fiscal Court entered into an agreement with Michael Venable. This agreement authorized the developer and/or its assigns to retain through a rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county from an increased assessment of the real property owned. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$1,590 of ad valorem taxes.

D. Kentucky Healthcare Holdings I, LLC

On November 26, 2019, the Christian County Fiscal Court entered into an agreement with Kentucky Healthcare Holdings I, LLC. This agreement authorized the company to retain through a rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from an increased assessment after January 1, 2019, of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal refunded \$20,987 of ad valorem taxes.

E. Concord Villas LLC

On February 25, 2020, the Christian County fiscal court entered into an agreement with Concord Villas, LLC to refund 80% of county property taxes for ten years based upon increase in valuation. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$7,447 of property taxes.

F. Emhart Teknologies LLC

On November 10, 2020, the Christian County Fiscal Court entered into an agreement with Emhart Teknologies LLC to rebate 90% of any increase in ad valorem tax revenue collected by the county resulting from any increased assessment after January 1, 2021, of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

G. Kindred Holdings LLC

On April 13, 2021, the Christian County Fiscal Court entered into an agreement with Kindred Holdings LLC to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by the company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$1,586 of ad valorem taxes.

H. Legacy Metals

On January 25, 2022, the Christian County Fiscal Court entered into an agreement with Legacy Metals Manufacturing LLC, to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by company and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$487 of ad valorem taxes.

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

Note 15. Tax Abatements (Continued)

I. AJM, LLC.

On February 22, 2022, the Christian County Fiscal Court entered into an agreement with AJM, LLC, to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2021, of any real property owned by the company and located within the commercial incentive district for a period of 12 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

J. Bluegrass Park LLC

On February 22, 2022, the Christian County Fiscal Court entered into an agreement with Bluegrass Park LLC, to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by the company and located within the housing incentive district for a period of 12 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

K. Casey Jones Properties, LLC

On June 13, 2023, the Christian County Fiscal Court entered into an agreement with Casey Jones Properties LLC to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023, of any real property owned by the developer and located within the commercial incentive district for a period of eight years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$1,133 of ad valorem taxes.

L. Martinrea International, Inc.

On September 14, 2021, the Christian County Fiscal Court entered into an agreement with Martinrea International Inc to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$12,752.

M. MB Roland Distillery, Inc.

On June 13, 2023, the Christian County Fiscal Court entered into an agreement with MB Roland Distillery, Inc to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023, of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

N. Johnny Oatts Farms, LLC.

On July 12, 2022, the Christian County Fiscal Court entered into an agreement with Johnny Oatts Farms, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$536 of ad valorem taxes.

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

Note 15. Tax Abatements (Continued)

O. Ascend Elements

On August 9, 2022, the Christian County Fiscal Court entered into an agreement with Ascend Elements to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

P. White Drive Motor and Steering, LLC

On February 14, 2023, the Christian County Fiscal Court entered into an agreement with White Drive Motor and Steering, LLC to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023, of any real property owned by the developer and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

Q. MDM Med Properties, LLC – Bearded Building

On February 13, 2024, the Christian County Fiscal Court entered into an agreement with MDM MED-Properties, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2024, of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

R. MDM Med Properties, LLC – Mixer

On January 9, 2024, the Christian County Fiscal Court entered into an agreement with MDM MED-Properties, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2024, of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

S. MDM Med Properties, LLC – The Crusty Pig

On June 13, 2023, the Christian County Fiscal Court entered into an agreement with MDM MED-Properties, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

T. Bypass Warehouse, LLC

On May 8, 2018, the Christian County Fiscal Court entered into an agreement with Bypass Warehouse, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2018, of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$17,911 of ad valorem taxes.

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

Note 15. Tax Abatements (Continued)

U. Drury-McCoy, LLC

On April 24, 2018, the Christian County Fiscal Court entered into an agreement with Drury-McCoy, LLC to rebate various percentages of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after July 1, 2018, of any real property owned by the developer and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$15,889 of ad valorem taxes.

V. Indian Hills Shopping Center

On April 24, 2018, the Christian County Fiscal Court entered into an agreement with Benjamin and Shelley Payne to rebate 80% increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2017, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

W. Phoenix Property Group of WKY, LLC

On June 13, 2023, the Christian County Fiscal Court entered into an agreement with Phoenix Property Group of WKY, LLC to rebate 80% increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

X. Sivley Point, LLC

On May 8, 2018, the Christian County Fiscal Court entered into an agreement with Sivley Point, LLC to rebate 80% increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2018, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

Y. W&W Development, LLC

On March 13, 2018, the Christian County Fiscal Court entered into an agreement with W&W Development, LLC to rebate 80% increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2018, of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2024, the Christian County Fiscal Court refunded \$5,344 of ad valorem taxes.

Note 16. 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.

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

Note 17. Prior Period Adjustments

	General Fund	Road Fund	Jail Fund
Ending Fund Balance Prior Year	\$ 9,652,201	\$ 147,713	\$ 230,218
Adjustment:			
Prior Year Voided Checks	<u>4,479</u>	<u>504</u>	<u>1,834</u>
Beginning Fund Balance - Restated	<u><u>\$ 9,656,680</u></u>	<u><u>\$ 148,217</u></u>	<u><u>\$ 232,052</u></u>

CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,380,750	\$ 9,380,750	\$ 9,886,667	\$ 505,917
In Lieu Tax Payments	162,414	162,414	203,402	40,988
Excess Fees	680,000	680,000	703,445	23,445
Licenses and Permits	149,285	149,285	144,758	(4,527)
Intergovernmental	3,245,535	10,345,535	6,994,670	(3,350,865)
Charges for Services	258,284	258,284	291,322	33,038
Miscellaneous	109,013	109,013	539,266	430,253
Interest	475,000	475,000	627,400	152,400
Total Receipts	14,460,281	21,560,281	19,390,930	(2,169,351)
DISBURSEMENTS				
General Government	3,865,661	4,109,907	3,934,450	175,457
Protection to Persons and Property	1,096,303	1,106,303	989,125	117,178
General Health and Sanitation	847,000	862,286	825,246	37,040
Social Services	217,476	231,194	149,394	81,800
Recreation and Culture	722,054	732,936	709,500	23,436
Airports	30,000	30,000	30,000	
Debt Service			45,393	(45,393)
Capital Projects	1,599,000	8,424,000	4,998,452	3,425,548
Administration	5,227,906	5,108,774	5,017,663	91,111
Total Disbursements	13,605,400	20,605,400	16,699,223	3,906,177
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	854,881	954,881	2,691,707	1,736,826
Other Adjustments to Cash (Uses)				
Lease Premium			162,000	162,000
Financing Obligation Proceeds		2,500,000	2,452,943	(47,057)
Transfers From Other Funds	685,000	685,000		(685,000)
Transfers To Other Funds	(3,906,859)	(6,606,859)	(2,956,791)	3,650,068
Total Other Adjustments to Cash (Uses)	(3,221,859)	(3,421,859)	(341,848)	3,080,011
Net Change in Fund Balance	(2,366,978)	(2,466,978)	2,349,859	4,816,837
Fund Balance - Beginning (Restated)	2,366,978	2,466,978	9,656,680	7,189,702
Fund Balance - Ending	\$ 0	\$ 0	\$ 12,006,539	\$ 12,006,539

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 2,941,018	\$ 2,941,018	\$ 2,722,602	\$ (218,416)
Miscellaneous	13,100	13,100	122,139	109,039
Interest	11,000	11,000	53,309	42,309
Total Receipts	2,965,118	2,965,118	2,898,050	(67,068)
DISBURSEMENTS				
Roads	3,517,961	3,601,915	3,285,753	316,162
Capital Projects	85,000			
Administration	543,639	535,028	446,737	88,291
Total Disbursements	4,146,600	4,136,943	3,732,490	404,453
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,181,482)	(1,171,825)	(834,440)	337,385
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,156,482	1,156,482	750,000	(406,482)
Total Other Adjustments to Cash (Uses)	1,156,482	1,156,482	750,000	(406,482)
Net Change in Fund Balance	(25,000)	(15,343)	(84,440)	(69,097)
Fund Balance - Beginning (Restated)	25,000	25,000	148,217	123,217
Fund Balance - Ending	\$ 0	\$ 9,657	\$ 63,777	\$ 54,120

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

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 6,552,100	\$ 6,552,100	\$ 6,036,046	\$ (516,054)
Charges for Services	294,800	294,800	480,212	185,412
Miscellaneous	235,500	235,500	201,282	(34,218)
Interest	9,500	9,500	15,388	5,888
Total Receipts	7,091,900	7,091,900	6,732,928	(358,972)
DISBURSEMENTS				
Protection to Persons and Property	6,731,647	6,812,092	6,058,612	753,480
Administration	2,316,753	2,236,308	1,938,292	298,016
Total Disbursements	9,048,400	9,048,400	7,996,904	1,051,496
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,956,500)	(1,956,500)	(1,263,976)	692,524
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,756,500	1,756,500	1,250,000	(506,500)
Total Other Adjustments to Cash (Uses)	1,756,500	1,756,500	1,250,000	(506,500)
Net Change in Fund Balance	(200,000)	(200,000)	(13,976)	186,024
Fund Balance - Beginning (Restated)	200,000	200,000	232,052	32,052
Fund Balance - Ending	\$ 0	\$ 0	\$ 218,076	\$ 218,076

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 225,000	\$ 225,000	\$ 304,178	\$ 79,178
Interest	4,500	4,500	8,117	3,617
Total Receipts	229,500	229,500	312,295	82,795
DISBURSEMENTS				
Roads	239,500	249,157	249,157	
Total Disbursements	239,500	249,157	249,157	
Net Change in Fund Balance	(10,000)	(19,657)	63,138	82,795
Fund Balance - Beginning	10,000	10,000	156,137	146,137
Fund Balance - Ending	\$ 0	\$ (9,657)	\$ 219,275	\$ 228,932

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

E911 FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 83,750	\$ 83,750	\$ 77,540	\$ (6,210)
Intergovernmental	424,000	424,000	411,747	(12,253)
Interest	42,500	42,500	57,026	14,526
Total Receipts	550,250	550,250	546,313	(3,937)
DISBURSEMENTS				
Protection to Persons and Property	1,285,250	3,787,762	548,363	3,239,399
Administration	10,000	7,488		7,488
Total Disbursements	1,295,250	3,795,250	548,363	3,246,887
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
	(745,000)	(3,245,000)	(2,050)	3,242,950
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		2,500,000		(2,500,000)
Total Other Adjustments to Cash (Uses)		2,500,000		(2,500,000)
Net Change in Fund Balance	(745,000)	(745,000)	(2,050)	742,950
Fund Balance - Beginning	745,000	745,000	954,163	209,163
Fund Balance - Ending	\$ 0	\$ 0	\$ 952,113	\$ 952,113

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

GENERAL OBLIGATION BOND FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$	\$	\$ 23,018	\$ 23,018
Total Receipts			23,018	23,018
DISBURSEMENTS				
Recreation and Culture			38,625	(38,625)
Debt Service	993,877	1,193,877	956,791	237,086
Total Disbursements	993,877	1,193,877	995,416	198,461
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(993,877)	(1,193,877)	(972,398)	221,479
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	993,877	1,193,877	956,791	(237,086)
Total Other Adjustments to Cash (Uses)	993,877	1,193,877	956,791	(237,086)
Net Change in Fund Balance			(15,607)	(15,607)
Fund Balance - Beginning			457,238	457,238
Fund Balance - Ending	\$ 0	\$ 0	\$ 441,631	\$ 441,631

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

AMERICAN RESCUE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 255,000	\$ 255,000	\$ 495,830	\$ 240,830
Total Receipts	255,000	255,000	495,830	240,830
DISBURSEMENTS				
Capital Projects	10,800,000	10,800,000	2,552,271	8,247,729
Total Disbursements	10,800,000	10,800,000	2,552,271	8,247,729
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,545,000)	(10,545,000)	(2,056,441)	8,488,559
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(685,000)	(685,000)		685,000
Total Other Adjustments to Cash (Uses)	(685,000)	(685,000)		685,000
Net Change in Fund Balance	(11,230,000)	(11,230,000)	(2,056,441)	9,173,559
Fund Balance - Beginning	11,230,000	11,230,000	10,602,999	(627,001)
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,546,558	\$ 8,546,558

CHRISTIAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

Note 1. Budgetary Information

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

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

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

Note 2. Excess of Disbursements Over Appropriations

The general fund, debt service line-item exceeded budgeted appropriations by \$45,393. The general obligation bond fund, recreation, and culture line-item exceeded budgeted appropriations by \$38,625.

CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

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CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ _____	\$ 2,552,272
Total U.S. Department of Treasury			_____	2,552,272
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants/State's Program				
Trilogy Center	14.228		\$ 190,000	\$ 190,000
Utility Project	14.228		_____	20,000
Total U.S. Department of Housing and Urban Development			190,000	210,000
<u>U. S. Department of Justice</u>				
<i>Passed-Through Kentucky Department Justice and Public Safety</i>				
Violence Against Women Formula Grant	16.588	#709	\$ _____	\$ 31,899
Total U.S. Department of Justice			_____	31,899
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Military Affairs</i>				
Emergency Management Performance Grants	97.042		\$ _____	\$ 28,791
Total U.S. Department of Homeland Security			_____	28,791
Total Expenditures of Federal Awards			\$ 190,000	\$ 2,822,962

The accompanying notes are an integral part of this schedule.

CHRISTIAN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

CHRISTIAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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CHRISTIAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,831,221	\$	\$	\$ 2,831,221
Construction In Progress	297,926		297,926	
Land Improvements	242,960			242,960
Buildings and Buildings Improvement	48,931,476	212,744		49,144,220
Vehicles and Equipment	8,411,425	1,197,575	888,220	8,720,780
Furniture and Office Equipment	2,269,651	159,726		2,429,377
Infrastructure	33,808,024	2,154,267		35,962,291
 Total Capital Assets	 <u>\$ 96,792,683</u>	 <u>\$ 3,724,312</u>	 <u>\$ 1,186,146</u>	 <u>\$ 99,330,849</u>

CHRISTIAN 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	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Furniture and Office Equipment	\$ 5,000	8-20
Infrastructure	\$ 25,000	10-50

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

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

Report on Internal Control Over Financial Reporting

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

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



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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian 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 Questioned Costs as items 2024-002 and 2024-003.

Views of Responsible Official(s) and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 19, 2024

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jerry Gilliam, Christian County Judge/Executive
Members of the Christian County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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



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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 19, 2024

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:
Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

- Are any material weaknesses identified? ☒ Yes ☐ No
- Are any significant deficiencies identified? ☐ Yes ☒ None Reported

Are any noncompliances material to financial statements noted? ☒ Yes ☐ No

Federal Awards

Internal control over major programs:

- Are any material weaknesses identified? ☐ Yes ☒ No
- Are any significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and

Type B programs: \$750,000

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

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

Section II: Financial Statement Findings

2024-001 The Christian County Fiscal Court Failed To Implement Effective Internal Controls Over Financial Reporting

The Christian County Fiscal Court failed to implement effective internal controls over financial reporting. The following reporting issues were noted:

- In May 2024, the fiscal court received funds for a radio system upgrade. These funds were deposited into a bank account in the county's name. The financial obligation proceeds of \$2,088,000, \$162,000 of lease premium, and \$912 of interest earned during fiscal year 2024 were omitted from the fourth quarter financial statement.
- In September 2023, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$364,943 to purchase vehicles for the Christian County Sheriff's Department. However, the fiscal court did not report the acquisition activity, which includes the receipt of funds and the purchase of the vehicles, on the fourth quarter financial statement.
- In fiscal year 2023, the fiscal court entered into a debt agreement for a library project. The fiscal court entered a sublease in which the library shall make rental payments in the amount prescribed by the lease rental payment schedule. The library makes the principal and interest payments directly to the financing institution. However, the fiscal court failed to include \$47,272 of rent and related debt service payments on the fourth quarter financial statement.
- The Christian County Fiscal Court maintains a bank account for the receipts and disbursements of the animal shelter. However, the fiscal court did not properly report the account on the fourth quarter financial statement. The account's beginning balance of \$21,879 was excluded from the financial statement, as were receipts of \$21,740, and disbursements of \$47,421.
- The Christian County Fiscal Court maintains an escrow account for uncleared checks from the county clerk's office. The account's beginning balance of \$24,812, receipts of \$19,451, and disbursements of \$83 were reported as budgeted funds in the General Fund on the fourth quarter financial statement. However, since the escrowed funds are monies owned by others, the account is considered a fiduciary account. Therefore, the escrow account should not have been included in the General Fund and reported on the fourth quarter financial statement.
- The fiscal court omitted the prior year ending balance of the General Obligation Bond Fund of \$457,238 and failed to record \$23,018 of interest earned on the General Obligation Bond Fund bank accounts.
- The Christian County Industrial Development Authority, a blended component unit of the Christian County Fiscal Court, received a grant in the amount of \$111,923. The grant receipt was omitted from the industrial development fund financial statement prepared by the county treasurer.

According to the county treasurer, she was unaware of how to handle the new radio system upgrade and grant money, and she was unaware of the reporting requirements for the animal shelter and escrow account. Additionally, the receipts and disbursements associated with debt service payments for the library were not included in the budget process nor subsequently reported on the county's financial statement because the debt service payments were paid by the library.

Due to the posting errors, the fourth quarter financial statement submitted to the Department for Local Government was materially misstated, and end users were not able to verify amounts that were paid to or received from the fiscal court's office. Additionally, because the fiscal court did not record the debt payments paid by the library, the budgeted appropriations for the debt service of the General Fund were overspent.

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

Section II: Financial Statement Findings (Continued)

2024-001 The Christian County Fiscal Court Failed To Implement Effective Internal Controls Over Financial Reporting (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.” Oversight of financial reporting is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.300 states “[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within budget appropriation, shall be void.”

We recommend the Christian County Fiscal Court strengthen internal controls over financial reporting by ensuring that all of the fiscal court’s receipts and disbursements are properly recorded on the ledgers and reported on the county’s financial statements, including financing obligation proceeds and grant receipts and disbursements. Likewise, we recommend the fiscal court include all receipts and disbursements from local sources, such as debt service payments from the library, in the county’s budgeting and reporting process as well. Finally, we recommend that the escrow account be excluded from the general fund and instead be reported as a fiduciary account.

Views of Responsible Official and Planned Corrective Action:

County Judge Executive’s Response: The Auditors are recommending increased internal controls over financial reporting in the following instances:

- (a) Including funds which were approved at the end of the fiscal year 2024, but no funds had been received or expended. Since we report on a cash basis, these were not included.*
- (b) The KACo Lease in the amount of \$364,943 was included in the 4th Quarter report as issue #10 of the Liabilities report submitted to the Department of Local Government. A copy of the report is available upon request. See Exhibit A for reference.*
- (c) The Hopkinsville Christian County Library pays the library debt. No funds were received or expended by the Christian County Fiscal Court.*
- (d) The Christian County Animal Shelter currently maintains its own bank account for daily receipts and operations. This account will be closed out and a new will be set up under Christian County Fiscal Court.*
- (e) The escrow account was money transferred by the Christian County Clerk and will be sent to the state to be closed out.*
- (f) The various bonds that make up the General Obligation Bond Fund are in accounts held by KACo and US Bank. The funds have not received by Christian County Fiscal Court and since we are cash basis, they have not been shown as income.*
- (g) The grant money received for industrial development was under a different tax ID number than Christian County Fiscal Court. We also received instruction from the grant to not include these funds within our regular funds. See Exhibit B for reference.*
- (h) All transactions not reflected in our cash basis accounting methods will be added by journal entries at the end of the year.*

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

Section II: Financial Statement Findings (Continued)

2024-001 The Christian County Fiscal Court Failed To Implement Effective Internal Controls Over Financial Reporting (Continued)

Auditor's Reply: The Christian County Fiscal Court operates on a regulatory basis of accounting which means 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. The accounts held by KACo, and U.S. Bank are on behalf of the Christian County Fiscal Court, therefore any receipt or disbursement within these accounts should be accounted for on the financial statements in the same manner as the other fund accounts that are held at local banks. The radio system upgrade was approved, and funds were received into an account held on behalf of the fiscal court prior to the end of the fiscal year ended June 30, 2024. The sheriff's vehicles lease was included as a long-term liability section of the financial statement; however, the acquisition activity should have been included in the receipts and appropriation ledgers and financials. The Hopkinsville Christian County Library debt is in the name of the Christian County Fiscal Court, the payments made by the library should be accounted for as a receipt and disbursement. The Christian County Animal shelter account is currently an account of the Christian County Fiscal Court; however, all receipt and disbursement activity are not accounted for properly on the financial statements. Finally, the Industrial Development is considered a special government entity and has an unbudgeted fund with the Christian County Fiscal Court, the grant activity should have been accounted for under the unbudgeted fund. We reviewed the exhibits provided by Christian County Fiscal Court and there are no changes to the finding.

2024-002 The Christian County Fiscal Court's Schedule of Expenditures of Federal Awards (SEFA) Was Materially Misstated

During testing of the Christian County Fiscal Court's Schedule of Expenditures of Federal Awards (SEFA), auditors found that the SEFA was understated by \$1,644,406. The county's SEFA reported federal expenditures of \$1,178,556 for fiscal year 2024. However, based on the examination of federal grant programs and accounting records, auditors found that the county expended \$2,822,962 on federal expenditures during the fiscal year. The treasurer corrected her copy of the SEFA after the misstatement was caught by auditors.

According to the county treasurer, two expenditures paid in July 2023 were omitted from the SEFA because they were related to work performed in FY 2023. Because the fiscal court failed to accurately report the total amount of federal expenditures expended during the reporting period, the SEFA reported to the Department for Local Government was materially misstated.

According to, 2 CFR 200.510(b), "[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements[,which] ... must include the total Federal awards expended."

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." Internal controls, including oversight and review of financial reporting, are vital in ensuring that federal awards expended are properly accounted for and accurately reported.

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

Section II: Financial Statement Findings (Continued)

2024-002 The Christian County Fiscal Court's Schedule of Expenditures of Federal Awards (SEFA) Was
 Materially Misstated (Continued)

We recommend the Christian County Fiscal Court implement effective internal controls over reporting expenditures of federal awards to ensure amounts reported on the SEFA represent actual federal awards expended during the corresponding fiscal year in accordance with 2 CFR 200.510(b).

Views of Responsible Official and Planned Corrective Action:

County Judge Executive's Response: The Schedule of Expenditures of Federal Awards is an additional report separate from the financial statements. The financial statements were correct with all revenue and expenditure correctly reported. The SEFA report had the expenditures separated by fiscal year of which the expenses were incurred, and one expenditure was mistakenly left off of the report. The State Auditors provided the County Treasurer with a corrected and updated report format for future reporting of SEFA expenditures. The report was corrected immediately upon notice of errors.

2024-003 The Christian County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In
 Noncompliance

This is a repeat finding and was included in the prior year audit report as finding 2023-001. During fiscal year 2024, the Christian County Fiscal Court had internal control deficiencies and non-compliances regarding disbursements. The following findings were noted with Christian County Fiscal Court's disbursements:

- Thirty-seven out of 79 invoices tested had corresponding purchase orders that were dated after the invoice or sale order date, meaning the purchase order was issued after the expense had already been incurred by the county. These 37 invoices totaled \$5,031,472. Also, a purchase order was not issued at all for one invoice totaling \$106,000.
- The county did not adhere to bidding requirements for the procurement of kitchen supplies. The total amount paid to the vendor exceeded \$30,000.
- Two invoices totaling \$1,125 were not paid within 30 working days of receipt.
- Thirteen out of 27 transactions tested for a credit card payment were not in compliance with the county's administrative code. These transactions were for meals for jail employees while traveling. Rather than paying employees a per diem for meals, the meals were purchased at the actual price using the county's credit card.

The fiscal court failed to establish appropriate internal controls over disbursements. The fiscal court was not aware the kitchen supplies should have been procured through bids. Additionally, per management, it is county practice that employee meals be purchased at the actual price using the county's credit card, and the finance officer checks the credit card statement to ensure the price of each meal does not exceed the per diem rate.

These deficiencies could result in line items being over budget, claims being paid that are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets. Also, the Christian County Fiscal Court was not in compliance with the state or county competitive bidding requirements which increases the risk that the county did not get the best price for the goods and services purchased.

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

Section II: Financial Statement Findings (Continued)

2024-003 The Christian County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance (Continued)

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly.

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

The Christian County Fiscal Court's administrative code states, "[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, and vegetables), equipment, or for contractual services other than professional, involving an expenditure of more than Thirty Thousand Dollars (\$30,000) shall be subject to competitive bidding."

KRS 65.140(2), in part, states, "...all bills for goods or services shall be paid within thirty (30) working days of receipts of a vendor's invoice..."

The county's administrative code states that "employees are to be reimbursed for meals only if the employee's travel requires an out of county trip." The administrative code goes on to outline mealtime hours and per diem reimbursement rates for each type of meal.

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

We recommend the Christian County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made to verify there are sufficient funds and budget to allow for the procurement. We also recommend the fiscal court comply with bidding requirements outlined in the fiscal court's adopted administrative code, and we recommend that disbursements be paid within 30 working days of receipt in accordance with KRS 65.140(2). Lastly, we recommend the fiscal court reimburse employees for meals at per diem rates outlined in the county's administrative code.

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

Section II: Financial Statement Findings (Continued)

2024-003 The Christian County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge Executive's Response: Our procedures for issuing all purchase orders meet the Department for Local Government guideline requirements on pages 54-57 of the County Budget Preparation and State Local Finance Officer Policy Manual, referenced by the State Auditor's Office. Furthermore, the Department for Local Government and Memorandum issued August 4, 2016, does not offer guidelines for invoice and purchase order dates. See Exhibit C and D for reference.

- *Approximately 38 million dollars of purchase orders were processed without any penalties or associated fees. The purchase orders assigned averaged six days from the invoice date. All purchase orders, including quarterly payments, were appropriated in the County Budget.*
- *The invoice for \$106,000 was dated 9/26/2023 and was prior to our exit conference with the State Auditors that addressed the issue of putting purchase orders on quarterly payments that are appropriated in our County Budget. Refence Exhibit G.*
- *The Christian County Jail did not exceed \$40,000 in kitchen supplies from the referenced vendor per KRS 424.260(1)(b) and see Exhibit E.*
- *The one invoices totaling \$1,125.00, were not delivered to the correct address. As a result, we did not receive the invoices in a timely manner. There were no penalties or associated fees paid and mailing envelopes were attached for reference to support the delay in mail delivery. Accordingly, Pursuant to KRS 65.140(2), the two invoices were not paid within 30 days due to improper invoicing by the vender. Reference H-J for mailing issues due to incorrect address.*
- *It has been the County's travel policy to reimburse at the high rate per diem when County Jail Employees travel out of state. The Christian County Jail operates 24/7 and they do not always have the option to stop at specific times or locations due to transporting or monitoring inmates. The County's Administration Code will be updated to reflect this policy pursuant of KRS 68.005(2).*

Auditor's Reply: The Department for Local Government guideline requirements state that purchases shall not be made without approval by the judge/executive (or designee), and or/a department head. A purchase order that is dated after the invoice date indicates that a purchase was made prior to approval. A strong purchase order system is essential to ensure there are sufficient funds and budget available to allow for a purchase to be made. The Christian County Jail exceeded \$30,000, as outlined in the Christian County Administrative Code, in kitchen supplies, therefore the jail should have followed procurement procedures. In addition, the county's administrative code states employees are to be paid a per diem when in travel status. Employees using the credit card is in violation of the county's administrative policy because the employees are receiving actual reimbursement. We reviewed the exhibits provided by Christian County Fiscal Court and there are no changes to the finding.

Section III: Federal Award Findings And Questioned Costs

None.

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

Section IV: Summary Schedule of Prior Audit Findings

Finding Number	Prior Year Finding Title	Status	Corrective Action
2023-001	The Christian County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance	Resolved	The Fiscal Court has tried to issue purchase orders for all expenditures, pay invoices or entered for approval by Fiscal Court as soon as they are received by the Finance Officer, and pay invoices in a timely manner. The issue with the US Postal Service and the Fiscal Court not receiving mail timely is still ongoing with numerous complaints being issued with the US Postal Service.
2023-002	The Christian County Fiscal Court Did Not Have Adequate Controls Over The Procurement, Suspension, and Debarment Compliance Requirement on Federal Expenditures	Resolved	The SAMS.gov account was reactivated. Purchase orders are being utilized by the Finance Office and a ledger is being kept by the Treasurer.

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

CHRISTIAN COUNTY FISCAL COURT

For The Year Ended June 30, 2024

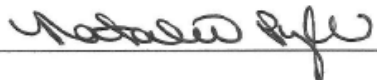
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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Christian 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