

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

**For The Year Ended  
June 30, 2025**



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

**Independent Auditor's Report**

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

**Report on the Audit of the Financial Statement**

***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Henderson County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Henderson County Fiscal Court's financial statement as listed in the table of contents.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Henderson County Fiscal Court, for the year ended June 30, 2025, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Henderson County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable Brad Schneider, Henderson County Judge/Executive

Members of the Henderson County Fiscal Court

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Henderson County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statement***

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Henderson 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 Henderson County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky  
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Finance and Administration Cabinet  
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Members of the Henderson County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026, on our consideration of the Henderson County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Henderson County Fiscal Court's internal control over financial reporting and compliance.

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

2025-001 The Henderson County Fiscal Court Lacks Internal Controls Over Disbursements And Bidding Processes

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

February 3, 2026

**HENDERSON COUNTY OFFICIALS****For The Year Ended June 30, 2025****Fiscal Court Members:**

Brad Schneider	County Judge/Executive
Keith Berry	Magistrate
Taylor Tompkins	Magistrate
Tim Southard	Magistrate
Billy "Butch" Puttman	Magistrate
William Starks	Magistrate

**Other Elected Officials:**

Steve Gold	County Attorney
Bruce Todd	Jailer
Renesa Abner	County Clerk
Clyde Gergory Sutton	Circuit Court Clerk
C. "Chip" Stauffer	Sheriff
Andrew Powell	Property Valuation Administrator
Bruce Farmer	Coroner - Retired 12/31/2024
Shelia Patterson	Coroner - Appointed 1/1/2025

**Appointed Personnel:**

Brenda Duncan-Rider	County Treasurer
Theresa Childers	Finance Officer

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
<b>RECEIPTS</b>			
Taxes	\$ 13,819,524	\$	\$
In Lieu Tax Payments	140,741		
Excess Fees	18,094		
Licenses and Permits	568,238	141,750	
Intergovernmental	3,919,632	2,166,453	7,453,316
Charges for Services		29,095	394,289
Miscellaneous	654,525	81,277	1,149,290
Interest	1,795,510	38,344	233,219
Total Receipts	<u>20,916,264</u>	<u>2,456,919</u>	<u>9,230,114</u>
<b>DISBURSEMENTS</b>			
General Government	9,590,624		
Protection to Persons and Property	458,801		6,658,040
General Health and Sanitation		321,103	
Social Services			
Recreation and Culture	6,481	375,556	
Roads		3,690,318	
Bus Services			
Debt Service			196,924
Administration	1,949,743	907,261	1,964,685
Total Disbursements	<u>12,005,649</u>	<u>5,294,238</u>	<u>8,819,649</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>8,910,615</u>	<u>(2,837,319)</u>	<u>410,465</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds	250,000	3,000,000	
Transfers To Other Funds	(4,334,000)		
Total Other Adjustments to Cash (Uses)	<u>(4,084,000)</u>	<u>3,000,000</u>	
Net Change in Fund Balance	4,826,615	162,681	410,465
Fund Balance - Beginning	37,238,524	529,489	6,672,664
Fund Balance - Ending	<u>\$ 42,065,139</u>	<u>\$ 692,170</u>	<u>\$ 7,083,129</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 40,841,697	\$ 1,214,125	\$ 7,020,449
Plus: Deposits In Transit			
Less: Outstanding Checks	(269,912)	(521,955)	(252,577)
Certificates of Deposit	1,041,008		315,257
Investments	452,346		
Fund Balance - Ending	<u>\$ 42,065,139</u>	<u>\$ 692,170</u>	<u>\$ 7,083,129</u>

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

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

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>State Grants Fund</b>	<b>Federal Grants Fund</b>	<b>Economic Development Fund</b>	<b>Clerk SB 135 Fund</b>	<b>Opioid Settlement Fund</b>	<b>American Rescue Plan Act Fund</b>
\$	\$	\$	\$	\$	\$	\$
210,761						
1,044,270	380,888					
121,787	15,275	25,000		68,540	109,219	
23,112			11,894	6,836	16,995	120,647
<u>1,399,930</u>	<u>396,163</u>	<u>25,000</u>	<u>11,894</u>	<u>75,376</u>	<u>126,214</u>	<u>120,647</u>
			1,067,500	21,000		
356,397						
586,373	103,209					
233,020	200,000					
17,216						
300,000						
49,355						
		25,000				2,672,686
<u>1,542,361</u>	<u>303,209</u>	<u>25,000</u>	<u>1,067,500</u>	<u>21,000</u>		<u>2,672,686</u>
(142,431)	92,954		(1,055,606)	54,376	126,214	(2,552,039)
			1,334,000			
	(250,000)					
	(250,000)		1,334,000			
(142,431)	(157,046)		278,394	54,376	126,214	(2,552,039)
794,263	451,385		5,491	125,246	305,431	4,178,995
<u>\$ 651,832</u>	<u>\$ 294,339</u>	<u>\$ 0</u>	<u>\$ 283,885</u>	<u>\$ 179,622</u>	<u>\$ 431,645</u>	<u>\$ 1,626,956</u>
\$ 716,027	\$ 314,404	\$	\$ 1,283,885	\$ 179,622	\$ 431,645	\$ 1,626,956
(64,195)	(20,065)		(1,000,000)			
<u>\$ 651,832</u>	<u>\$ 294,339</u>	<u>\$ 0</u>	<u>\$ 283,885</u>	<u>\$ 179,622</u>	<u>\$ 431,645</u>	<u>\$ 1,626,956</u>

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

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

	<u>Unbudgeted Funds</u>			<u>Internal</u> <u>Service Fund</u>
	<u>Public</u> <u>Properties</u> <u>Corporation</u> <u>Fund</u>	<u>Jail</u> <u>Commissary</u> <u>Fund</u>	<u>Total</u> <u>Funds</u>	<u>Health</u> <u>Insurance</u> <u>Fund</u>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$ 13,819,524	\$
In Lieu Tax Payments			140,741	
Excess Fees			18,094	
Licenses and Permits			920,749	
Intergovernmental	724,287		15,688,846	
Charges for Services			423,384	
Miscellaneous		1,305,669	3,530,582	3,462,714
Interest		45,458	2,292,015	74,973
Total Receipts	<u>724,287</u>	<u>1,351,127</u>	<u>36,833,935</u>	<u>3,537,687</u>
<b>DISBURSEMENTS</b>				
General Government			10,679,124	
Protection to Persons and Property			7,473,238	
General Health and Sanitation			1,010,685	
Social Services			433,020	
Recreation and Culture		1,243,007	1,642,260	
Roads			3,990,318	
Bus Services			49,355	
Debt Service	724,287		921,211	
Administration			7,519,375	2,121,839
Total Disbursements	<u>724,287</u>	<u>1,243,007</u>	<u>33,718,586</u>	<u>2,121,839</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>108,120</u>	<u>3,115,349</u>	<u>1,415,848</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			4,584,000	
Transfers To Other Funds			(4,584,000)	
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance		108,120	3,115,349	1,415,848
Fund Balance - Beginning		1,170,713	51,472,201	956,744
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,278,833</u>	<u>\$ 54,587,550</u>	<u>\$ 2,372,592</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$	\$ 1,319,464	\$ 54,948,274	\$ 2,347,707
Plus: Deposits In Transit				24,885
Less: Outstanding Checks		(40,631)	(2,169,335)	
Certificates of Deposit			1,356,265	
Investments			452,346	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,278,833</u>	<u>\$ 54,587,550</u>	<u>\$ 2,372,592</u>

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

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TO THE FINANCIAL STATEMENT**

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**HENDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2025**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

**Budgeted Funds (Continued)**

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

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

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

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

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

Clerk SB 135 Fund - The primary purpose of this fund is to account for activity related to storage fees. The primary sources of receipts for this fund are storage fees collected by the county clerk.

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

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

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

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

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

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

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

**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 fiscal court's partially self-funded employee health insurance program.

**D. Budgetary Information**

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

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

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

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

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

**E. Henderson County Elected Officials**

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

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

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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

**H. Related Organizations and Joint Ventures**

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

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The Henderson County Fiscal Court entered into an agreement with the City of Henderson to form the following entities agreeing to pay costs, on a prorated basis, not covered by state or federal funds, thus creating joint ventures.

Henderson City-County Planning Commission  
Tri-County Recycling  
Henderson City- Court Airport Board

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

**Note 2. Deposits and Investments**

**A. Deposits**

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

**Custodial Credit Risk - Deposits**

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

**B. Investments**

As of June 30, 2025, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalents	\$ 90	\$ 90	\$	\$	\$
U.S. Treasury					
Mutual Funds	732	732			
Money Market Funds	451,524	451,524			
Certificates of Deposit	1,356,265	1,356,265			
<b>Total Fund Balance</b>	<b>\$1,808,611</b>	<b>\$1,808,611</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**Custodial Credit Risk** is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$1,356,265 of certificates of deposit and \$452,346 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$602,380 of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

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

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
  - a. United States Treasury;
  - b. Export-Import Bank of the United States;
  - c. Farmers Home Administration;
  - d. Government National Mortgage Corporation; and
  - e. Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
  - a. Federal Home Loan Mortgage Corporation;
  - b. Federal Farm Credit Banks;
  - c. Bank for Cooperatives;
  - d. Federal Intermediate Credit Banks;
  - e. Federal Land Banks;
  - f. Federal Home Loan Banks;
  - g. Federal National Mortgage Association; and
  - h. Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
  - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
  - b. The management company of the investment company shall have been in operation for at least five years; and
  - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

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

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
- Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
  - Have a standard maturity of no more than ten years; and
  - Are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2025, the fiscal court does not have any investments in these categories.

The fiscal court's rated investments, as of June 30, 2025, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings				Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR		
Cash Equivalents	\$	\$	\$	\$	\$ 90	\$ 90
U.S. Treasury						
Mutual Funds					732	732
Money Market Funds					451,524	451,524
Certificates of Deposit					1,356,265	1,356,265
Total Fund Balance	\$	\$	\$	\$	\$ 1,808,611	\$ 1,808,611

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security.

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

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

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

**Note 3. Transfers**

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

	General Fund	State Grants Fund	Total Transfers In
General Fund	\$	\$ 250,000	\$ 250,000
Road Fund	3,000,000		3,000,000
Economic Development Fund	1,334,000		1,334,000
Total Transfers Out	<u>\$ 4,334,000</u>	<u>\$ 250,000</u>	<u>\$ 4,584,000</u>

Reason for transfers:

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

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2025 was \$98,470.

**Note 5. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA)**

**A. Leases – Lessor**

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Probation & Parole - Office Space	10/23/2018	8 Years	Quarterly	6/30/2026	\$ 12,279	\$ 98,212
Countrymark - Oil and Gas	3/12/2019	Open Ended	Open	Open Ended	Royalty	N/A
Ambulance Service - Building	5/1/2021	1 Year	Annually	Renewable	\$ 1,541	N/A
Pine Bluff - Dredging	8/1/2015	4 Years	Annually	7/31/2028	\$ 10,000	N/A
Pine Bluff - Land	8/1/2015	4 Years	Monthly	7/31/2028	\$ 850	N/A
Real Id - Office Space	7/7/2022	8 Years	Quarterly	6/30/2030	\$ 10,479	\$ 220,067
Rescue Squad - Boat	3/1/2024	Open Ended	Annually	Open Ended	\$ 1	\$ 0
Administrative Office of Courts - Building	2/1/2017	2 Years	Annually	6/30/2026	~ \$700,000	\$ 727,125

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

**Note 5. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA) (Continued)**

**B. Leases – Lessee**

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Ambulance Service - Office Space	5/1/2021	1 Year	Monthly	Renewable	\$ 7,000	N/A
Treasurer - Postage Meter	1/8/2024	5 Years	Quarterly	1/8/2029	\$ 512	\$ 6,138
Jail - Copiers	3/28/2023	2 Years	Monthly	3/28/2025	\$ 686	N/A
County Clerk - Postage Meter	5/23/2023	5 Years	Quarterly	5/23/2028	\$ 439	\$ 0
County Clerk - Copier	3/1/2023	5 Years	Monthly	3/1/2028	\$ 328	\$ 11,791
Judicial Center - Solar Light Panels	3/14/2023	15 Years	Monthly	3/14/2038	\$ 1,007	\$ 157,092
EMA - Office Space	6/15/2022	5 Years	Annually	6/30/2027	\$ 1	\$ 2
Jail - Solar Light Panels	3/26/2024	15 Years	Monthly	3/26/2039	\$ 2,758	\$ 485,408

**C. Subscription-Based Information Technology Arrangements (SBITA)**

The Henderson County Fiscal Court was committed to the following SBITAs as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
FiscalBooks Accounting Subscription	7/1/2017	20 Years	One-Time	6/30/2037	\$ 14,995	\$ 0
FiscalPay Accounting Subscription	7/1/2017	20 Years	One-Time	6/30/2037	\$ 14,995	\$ 0
FiscalExpress Accounting Subscription	7/1/2017	20 Years	One-Time	6/30/2037	\$ 9,995	\$ 0
FiscalTax Accounting Subscription	7/1/2017	20 Years	One-Time	6/30/2037	\$ 14,995	\$ 0
FiscalHR Accounting Subscription	7/1/2017	20 Years	One-Time	6/30/2037	\$ 9,995	\$ 0
DroneSense	7/8/2024	5 Years	One-Time	7/7/2029	\$ 2,600	\$ 0

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**Lease Revenue Refunding Bonds, Series 2017 – Court Facility Project**

The Henderson County Public Properties Corporation issued \$5,495,881 Lease Revenue Refunding Bonds, Series 2017 dated February 9, 2017, for the purpose of refunding and retiring the Court Facility – Series 2006 Bonds. Principal payments are due each year on February 1, in amounts indicated below starting February 1, 2018. Interest on the bonds will be payable semi-annually on February 1 and August 1 beginning August 1, 2017. The bonds contain a provision that in an event of default, the mortgage shall be enforced under the terms, including foreclosure of the liens created and sale of the project. The principal balance outstanding for the bond issue as of June 30, 2025, was \$711,821. Annual debt service requirements to maturity are as follows:

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

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

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

**Lease Revenue Refunding Bonds, Series 2017 – Court Facility Project (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 711,821	\$ 15,304
Totals	\$ 711,821	\$ 15,304

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,405,882	\$	\$ 694,061	\$ 711,821	\$ 711,821
Total Long-term Debt	\$ 1,405,882	\$ 0	\$ 694,061	\$ 711,821	\$ 711,821

**C. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2026	\$ 711,821	\$ 15,304
Totals	\$ 711,821	\$ 15,304

**Note 7. Commitments and Contingencies**

**A. Litigation**

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

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

**Note 7. Commitments and Contingencies (Continued)**

**B. Ambulance Service Agreement**

In April 1983, the County of Henderson along with the City of Henderson entered into an agreement with Deaconess Hospital for the operation of a countywide ambulance service. The hospital agreed to operate the ambulance service with both the city and county reimbursing the hospital for any operating loss incurred on a quarterly basis. Expenses incurred under this agreement for the fiscal year ending June 30, 2025, were \$61,012.

**C. Henderson City – County Airport Board**

The Henderson County Fiscal Court has retained an ongoing financial responsibility for the Henderson City-County Airport Board. The airport board is a joint venture between the fiscal court and the City of Henderson to assist and promote the Henderson City-County Airport. Expenses incurred under this agreement for the fiscal year ending June 30, 2025, were \$212,091.

**D. Henderson City – County Planning Commission**

The Henderson County Fiscal Court has retained an ongoing financial responsibility for the Henderson City-County Planning Commissions (Planning Commission). The planning commission is a joint venture between the fiscal court and City of Henderson to assist and promote the orderly development of the county and cities. The fiscal court and City of Henderson are each responsible for 50% of the basic administration included in the budget of the planning commission. Expenses incurred under this agreement for the fiscal year ending June 30, 2025, were \$418,290.

**E. Henderson Economic Development**

The Henderson County Fiscal Court has retained an ongoing financial responsibility for Henderson Economic Development, which is a joint venture between the fiscal court and City of Henderson to assist and promote Henderson County. Expenses incurred under this agreement for the fiscal year ending June 30, 2025, were \$57,500.

**Note 8. Employee Retirement System**

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

The county's contribution for FY 2023 was \$1,876,295, FY 2024 was \$1,678,611, and FY 2025 was \$1,566,464.

Nonhazardous

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

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

**Note 8. Employee Retirement System (Continued)**

Nonhazardous (Continued)

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 78.5536.

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

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

**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.

**Annual Financial Report and Proportionate Share Audit Report**

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

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.

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

**Note 9. Deferred Compensation**

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

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

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

**Note 10. Health Reimbursement Account**

The Henderson County Fiscal Court established a health reimbursement account in January 2017, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$750 (single health insurance plan) or \$1,500 (family health insurance plan) each year to pay for qualified medical expenses. The balance of the health reimbursement account as of June 30, 2025, that was held with the third-party administrator was \$106,697. The fiscal court also has a health reimbursement account at a local bank that had a balance of \$232,828, as of June 30, 2025. The account is used to pay out contributions and other costs related to the health reimbursement account.

**Note 11. Insurance**

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

**Note 12. Self-Insurance**

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

During fiscal year 2025, Henderson County Fiscal Court's health insurance fund had a beginning balance of \$956,744. The fund received \$3,537,687 and disbursed \$2,121,839. The health insurance fund had a balance of \$2,372,592 as of June 30, 2025.

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

**Note 13. Related Party Transactions**

The Henderson County Fiscal Court paid \$6,120 for labor and maintenance for fiscal year June 30, 2025, to a business that is co-owned by the HR specialist's son.

**Note 14. Conduit Debt**

From time to time, the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Henderson County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2025, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 15. Tax Abatements**

**A. Columbia Sportswear**

The ad valorem tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. For fiscal year ended June 30, 2025, the amount of taxes abated was \$125,600. The entity pays property taxes based on the original property assessment, \$16,000,000, when the agreement was signed.

**B. Sitex Corporation**

The ad valorem tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. For fiscal year ended June 30, 2025, the amount of taxes abated was \$14,228. The entity pays property taxes based on the original property assessment, \$2,111,000, when the agreement was signed.

**C. River View Coal**

The occupational license tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. The agreement has been approved, however, has not been activated as of June 30, 2025. For fiscal year ended June 30, 2025; the amount of taxes abated was \$0.

**D. Custom Resins**

The occupational license tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. The agreement has been approved, however, has not been activated as of June 30, 2025. For fiscal year ended June 30, 2025; the amount of taxes abated was \$0.

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 11,255,127	\$ 11,255,127	\$ 13,819,524	\$ 2,564,397
In Lieu Tax Payments	140,900	140,900	140,741	(159)
Excess Fees	6,700	6,700	18,094	11,394
Licenses and Permits	90,000	90,000	568,238	478,238
Intergovernmental	3,336,864	3,356,862	3,919,632	562,770
Miscellaneous	341,984	380,378	654,525	274,147
Interest	598,229	598,229	1,795,510	1,197,281
Total Receipts	<u>15,769,804</u>	<u>15,828,196</u>	<u>20,916,264</u>	<u>5,088,068</u>
<b>DISBURSEMENTS</b>				
General Government	9,872,235	10,179,239	9,590,624	588,615
Protection to Persons and Property	510,810	508,904	458,801	50,103
Recreation and Culture	7,100	7,100	6,481	619
Administration	939,912	7,185,706	1,949,743	5,235,963
Total Disbursements	<u>11,330,057</u>	<u>17,880,949</u>	<u>12,005,649</u>	<u>5,875,300</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>4,439,747</u>	<u>(2,052,753)</u>	<u>8,910,615</u>	<u>10,963,368</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			250,000	250,000
Transfers To Other Funds	<u>(4,439,747)</u>	<u>(4,439,747)</u>	<u>(4,334,000)</u>	<u>105,747</u>
Total Other Adjustments to Cash (Uses)	<u>(4,439,747)</u>	<u>(4,439,747)</u>	<u>(4,084,000)</u>	<u>355,747</u>
Net Change in Fund Balance		(6,492,500)	4,826,615	11,319,115
Fund Balance - Beginning		<u>7,775,000</u>	<u>37,238,524</u>	<u>29,463,524</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,282,500</u>	<u>\$ 42,065,139</u>	<u>\$ 40,782,639</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$	\$	\$ 141,750	\$ 141,750
Intergovernmental	2,063,641	2,206,845	2,166,453	(40,392)
Charges for Services	36,000	36,000	29,095	(6,905)
Miscellaneous	76,000	76,000	81,277	5,277
Interest	33,732	33,732	38,344	4,612
Total Receipts	<u>2,209,373</u>	<u>2,352,577</u>	<u>2,456,919</u>	<u>104,342</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	360,888	361,745	321,103	40,642
Recreation and Culture	701,604	503,604	375,556	128,048
Roads	3,829,605	4,129,009	3,690,318	438,691
Administration	973,060	1,011,860	907,261	104,599
Total Disbursements	<u>5,865,157</u>	<u>6,006,218</u>	<u>5,294,238</u>	<u>711,980</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,655,784)</u>	<u>(3,653,641)</u>	<u>(2,837,319)</u>	<u>816,322</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>3,655,784</u>	<u>3,655,784</u>	<u>3,000,000</u>	<u>(655,784)</u>
Total Other Adjustments to Cash (Uses)	<u>3,655,784</u>	<u>3,655,784</u>	<u>3,000,000</u>	<u>(655,784)</u>
Net Change in Fund Balance		2,143	162,681	160,538
Fund Balance - Beginning			<u>529,489</u>	<u>529,489</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 2,143</u>	<u>\$ 692,170</u>	<u>\$ 690,027</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 6,085,492	\$ 6,085,492	\$ 7,453,316	\$ 1,367,824
Charges for Services	268,000	268,000	394,289	126,289
Miscellaneous	795,000	795,000	1,149,290	354,290
Interest	195,000	195,000	233,219	38,219
Total Receipts	<u>7,343,492</u>	<u>7,343,492</u>	<u>9,230,114</u>	<u>1,886,622</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	7,400,055	7,351,555	6,658,040	693,515
Debt Service		216,000	196,924	19,076
Administration	2,007,250	2,055,750	1,964,685	91,065
Total Disbursements	<u>9,407,305</u>	<u>9,623,305</u>	<u>8,819,649</u>	<u>803,656</u>
Net Change in Fund Balance	(2,063,813)	(2,279,813)	410,465	2,690,278
Fund Balance - Beginning	<u>2,063,813</u>	<u>2,279,813</u>	<u>6,672,664</u>	<u>4,392,851</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,083,129</u>	<u>\$ 7,083,129</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 140,000	\$ 140,000	\$ 210,761	\$ 70,761
Intergovernmental	805,000	805,000	1,044,270	239,270
Miscellaneous	900	61,400	121,787	60,387
Interest	11,000	11,000	23,112	12,112
Total Receipts	<u>956,900</u>	<u>1,017,400</u>	<u>1,399,930</u>	<u>382,530</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	562,855	439,750	356,397	83,353
General Health and Sanitation	375,272	619,377	586,373	33,004
Social Services	195,020	235,020	233,020	2,000
Recreation and Culture	17,216	17,216	17,216	
Roads	300,000	300,000	300,000	
Bus Services	5,000	49,400	49,355	45
Administration	226,500	81,600		81,600
Total Disbursements	<u>1,681,863</u>	<u>1,742,363</u>	<u>1,542,361</u>	<u>200,002</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(724,963)</u>	<u>(724,963)</u>	<u>(142,431)</u>	<u>582,532</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>724,963</u>	<u>724,963</u>		<u>(724,963)</u>
Total Other Adjustments to Cash (Uses)	<u>724,963</u>	<u>724,963</u>		<u>(724,963)</u>
Net Change in Fund Balance			(142,431)	(142,431)
Fund Balance - Beginning			<u>794,263</u>	<u>794,263</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 651,832</u>	<u>\$ 651,832</u>

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

	<b>STATE GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 734,620	\$ 734,620	\$ 380,888	\$ (353,732)
Miscellaneous	2,000	2,000	15,275	13,275
Total Receipts	<u>736,620</u>	<u>736,620</u>	<u>396,163</u>	<u>(340,457)</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	136,620	138,763	103,209	35,554
Social Services	400,000	400,000	200,000	200,000
Recreation and Culture	200,000	200,000		200,000
Administration		250,000		250,000
Total Disbursements	<u>736,620</u>	<u>988,763</u>	<u>303,209</u>	<u>685,554</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(252,143)</u>	<u>92,954</u>	<u>345,097</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			<u>(250,000)</u>	<u>(250,000)</u>
Total Other Adjustments to Cash (Uses)			<u>(250,000)</u>	<u>(250,000)</u>
Net Change in Fund Balance		(252,143)	(157,046)	95,097
Fund Balance - Beginning		<u>250,000</u>	<u>451,385</u>	<u>201,385</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (2,143)</u>	<u>\$ 294,339</u>	<u>\$ 296,482</u>

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

	<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$	25,000	\$ 25,000	\$
Total Receipts		25,000	25,000	
<b>DISBURSEMENTS</b>				
Administration		25,000	25,000	
Total Disbursements		25,000	25,000	
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$	0
		\$	0	\$
		0	0	0
		\$	0	\$
		0	0	0

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

**ECONOMIC DEVELOPMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 1,000	\$ 1,000	\$ 11,894	\$ 10,894
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>11,894</u>	<u>10,894</u>
<b>DISBURSEMENTS</b>				
General Government	60,000	1,067,500	1,067,500	
Administration		275,000		275,000
Total Disbursements	<u>60,000</u>	<u>1,342,500</u>	<u>1,067,500</u>	<u>275,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(59,000)</u>	<u>(1,341,500)</u>	<u>(1,055,606)</u>	<u>285,894</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	59,000	59,000	1,334,000	1,275,000
Total Other Adjustments to Cash (Uses)	<u>59,000</u>	<u>59,000</u>	<u>1,334,000</u>	<u>1,275,000</u>
Net Change in Fund Balance		(1,282,500)	278,394	1,560,894
Fund Balance - Beginning			5,491	5,491
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,282,500)</u>	<u>\$ 283,885</u>	<u>\$ 1,566,385</u>

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

**CLERK SB 135 FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 20,600	\$ 20,600	\$ 68,540	\$ 47,940
Interest	400	400	6,836	6,436
Total Receipts	<u>21,000</u>	<u>21,000</u>	<u>75,376</u>	<u>54,376</u>
<b>DISBURSEMENTS</b>				
General Government	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	
Total Disbursements	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	
Net Change in Fund Balance			54,376	54,376
Fund Balance - Beginning			<u>125,246</u>	<u>125,246</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 179,622</u>	<u>\$ 179,622</u>

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

**OPIOID SETTLEMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 109,219	\$ 79,219
Interest	5,000	5,000	16,995	11,995
Total Receipts	<u>35,000</u>	<u>35,000</u>	<u>126,214</u>	<u>91,214</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	35,000	35,000		35,000
Administration	150,000	150,000		150,000
Total Disbursements	<u>185,000</u>	<u>185,000</u>		<u>185,000</u>
Net Change in Fund Balance	(150,000)	(150,000)	126,214	276,214
Fund Balance - Beginning	<u>150,000</u>	<u>150,000</u>	<u>305,431</u>	<u>155,431</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 431,645</u>	<u>\$ 431,645</u>

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

**AMERICAN RESCUE PLAN ACT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 50,000	\$ 50,000	\$ 120,647	\$ 70,647
Total Receipts	50,000	50,000	120,647	70,647
<b>DISBURSEMENTS</b>				
Administration	4,150,000	4,150,000	2,672,686	1,477,314
Total Disbursements	4,150,000	4,150,000	2,672,686	1,477,314
Net Change in Fund Balance	(4,100,000)	(4,100,000)	(2,552,039)	1,547,961
Fund Balance - Beginning	4,100,000	4,100,000	4,178,995	78,995
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,626,956	\$ 1,626,956

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

**June 30, 2025**

**Note 1. Budgetary Information**

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

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

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

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 1,123,414	\$ 51,000	\$	\$ 1,174,414
Buildings and Building Improvements	25,410,860	57,231	60,000	25,408,091
Vehicles and Equipment	12,446,581	1,214,141	662,490	12,998,232
Jail Vehicles and Equipment	684,000	60,410	58,118	686,292
Infrastructure	20,488,258	1,626,459		22,114,717
 Total Capital Assets	 <u>\$ 60,153,113</u>	 <u>\$ 3,009,241</u>	 <u>\$ 780,608</u>	 <u>\$ 62,381,746</u>

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

**June 30, 2025**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 50,000	10-75
Vehicles and Equipment (Includes Jail Commissary)	\$ 5,000	3-25
Infrastructure	\$ 25,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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 Brad Schneider, Henderson County Judge/Executive  
Members of the Henderson County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Henderson County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Henderson County Fiscal Court's financial statement and have issued our report thereon dated February 3, 2026.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Henderson County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Henderson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Henderson County Fiscal Court's internal control.

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

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



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

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

February 3, 2026

**HENDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

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**HENDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

**2025-001 The Henderson County Fiscal Court Lacks Internal Controls Over Disbursements And Bidding Processes**

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**Condition and Context**

The Henderson County Fiscal Court does not have adequate internal controls over disbursements. Auditors noted the following control deficiencies:

- Four disbursements totaling \$1,216,961 had purchase orders issued after the expenses had already been incurred.
- One disbursement totaling \$10,515 was not paid within 30 working days of receipt.
- Fuel for the sheriff's office in the amount of \$88,166 was not properly advertised for bid.
- Rather than procuring a truck in the amount of \$56,365 by soliciting bids per KRS 424.260, the county opted to procure the vehicle using a state price contract. However, the county failed to obtain quotes from a minimum of three dealers who have master agreements with the Finance and Administration Cabinet.

**Cause**

The fiscal court failed to establish appropriate internal controls over disbursements and bidding processes.

**Effect**

A lack of internal controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court. In addition, the fiscal court was not in compliance with procurement laws or their administrative code.

**Criteria**

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

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a system of uniform accounts. The Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties' handling of public funds, including required purchasing procedures for counties.

According to a memorandum from the 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 purchase orders for payroll and utility claims.

**HENDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2025  
(Continued)**

**2025-001 The Henderson County Fiscal Court Lacks Internal Controls Over Disbursements And Bidding Processes (Continued)**

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**Criteria (Continued)**

Additionally, the Henderson County Fiscal Court administrative code states, “[f]or budgeted items which cost \$5,001 to \$40,000, purchase orders must be submitted to the Treasurer’s Office for review by the County Judge or their designee at least three business days before the actual purchase is made. The purchase may be completed upon approval by the County Judge or their designee[.]”

KRS 65.140(2) states, “[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor’s invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or the vendor’s subcontractor.”

A county or fee official should advertise for bids in accordance with KRS 424.260(1), which states:

Except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for:

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

Likewise, the Henderson County Fiscal Court’s administrative code states, “[f]or budgeted purchases in excess of \$40,000, the county shall follow all appropriate applicable state laws pertaining thereto, including, but not limited to KRS 424.260.” It further states, “[t]he County Judge or his designee shall assure the placement of an advertisement in the newspaper of the largest circulation in the County at least once not less than seven (7) nor more than twenty-one (21) days before bid opening[.]”

Per KRS 45A.050(3), a county or fee official can opt out of the bidding process altogether and procure vehicles at the state price contract using the Finance and Administration Cabinet’s master agreements. KRS 45A.055(1) states, “[t]he secretary of the Finance and Administration Cabinet shall publish the initial state purchasing regulations with current Finance and Administration Cabinet policies and procedures[.]” The Finance and Administration Cabinet developed an updated Vehicle Purchasing Requirement that took effect February 1, 2023. Master agreements may be used under these requirements, but a county or fee official is responsible for obtaining a quote from a minimum of three dealers who are parties to the master agreement.

**Recommendations**

We recommend that the Henderson County Fiscal Court strengthen internal controls over disbursements and bidding processes to ensure purchase orders are issued prior to all purchases being made, invoices are paid within thirty working days of receipt, and proper procurement procedures are established to ensure compliance with state and county policy. Additionally, if the county chooses to opt out of the bidding process by purchasing vehicles using a state price contract, we recommend that the county comply with the Finance and Administration Cabinet’s policies by obtaining quotes from a minimum of three dealers who have master agreements with the Finance and Administration Cabinet.

**HENDERSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2025  
(Continued)**

**2025-001 The Henderson County Fiscal Court Lacks Internal Controls Over Disbursements And Bidding Processes (Continued)**

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

*County Judge/Executive's Response: Purchase orders issued after incurring the expenses: Staff continues to work with educating departments to prepare/issue PO's prior to purchases and disbursements.*

*Sheriff Department fuel expenditures: This was an oversight on the part of the Sheriff's Department leadership, which has undergone retraining on proper procurement protocols. The fuel contract was put out for bid this fiscal year and will either continue to be in the future or the Sheriff will utilize the fuel-purchase options approved by DLG.*

*Road Department vehicle purchase: Our County Engineer purchased a vehicle from a state contract vendor but forgot three quotes are also now required. We will be certain state contract purchases includes the required number of quotes.*

*City landfill payment of \$10,515: That payment was not made within 30 days of our receipt of the invoice due to a timing issue. We will do everything possible to pay invoices within 30 days.*

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

**HENDERSON COUNTY FISCAL COURT**

**For The Year Ended June 30, 2025**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Henderson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to be "R. B. ...", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to be "Dynda D. - Rider", written over a horizontal line.

County Treasurer