

**REPORT OF THE AUDIT OF THE
HOPKINS 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 Jack Whitfield, Jr., Hopkins County Judge/Executive

Members of the Hopkins 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 Hopkins County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Jack Whitfield, Jr., Hopkins County Judge/Executive
Members of the Hopkins 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 Hopkins 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

Hopkins 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 Hopkins 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 Hopkins 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
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Members of the Hopkins 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 Hopkins 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 Hopkins 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.

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Members of the Hopkins County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the Hopkins 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 Hopkins 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:

- 2025-001 The Hopkins County Jail Commissary Report Was Materially Misstated
- 2025-002 The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated
- 2025-003 Occupational And Net Profit Tax Receipts Were Not Processed Or Deposited Timely

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 23, 2026

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

| | |
|--------------------------|------------------------|
| Jack Whitfield, Jr. | County Judge/Executive |
| Ricky Whitaker | Magistrate |
| Everett "Buddy" Cardwell | Magistrate |
| Vicki Thomison | Magistrate |
| Ronnie Noel | Magistrate |
| Billy Parrish | Magistrate |
| Charlie Beshears | Magistrate |
| Hannah Myers | Magistrate |

Other Elected Officials:

| | |
|-----------------|----------------------------------|
| Lee Riddle | County Attorney |
| Mike Lewis | Jailer |
| Keenan Woodruff | County Clerk |
| Tanya Bowman | Circuit Court Clerk |
| Matt Sanderson | Sheriff |
| Joe Blue | Property Valuation Administrator |
| Dennis Mayfield | Coroner |

Appointed Personnel:

| | |
|----------------|------------------|
| Tracy Browning | County Treasurer |
|----------------|------------------|

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

For The Year Ended June 30, 2025

HOPKINS 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> |
| RECEIPTS | | | |
| Taxes | \$ 14,246,735 | \$ | \$ |
| Licenses and Permits | 110,257 | | |
| Intergovernmental | 3,928,221 | 2,547,245 | 2,961,929 |
| Charges for Services | 110 | | 167,174 |
| Miscellaneous | 313,606 | 182,174 | 211,300 |
| Interest | 764,986 | 24,316 | 10,452 |
| Total Receipts | <u>19,363,915</u> | <u>2,753,735</u> | <u>3,350,855</u> |
| DISBURSEMENTS | | | |
| General Government | 6,761,840 | | |
| Protection to Persons and Property | 499,097 | | 5,010,329 |
| General Health and Sanitation | 900 | | |
| Social Services | | | |
| Recreation and Culture | | | |
| Roads | | 3,231,812 | |
| Debt Service | 215,478 | | 56,382 |
| Capital Projects | 16,008 | 2,179,728 | |
| Administration | 2,935,293 | 669,185 | 1,318,595 |
| Total Disbursements | <u>10,428,616</u> | <u>6,080,725</u> | <u>6,385,306</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>8,935,299</u> | <u>(3,326,990)</u> | <u>(3,034,451)</u> |
| Other Adjustments to Cash (Uses) | | | |
| Payroll Revolving Account | 80,059 | | |
| Transfers From Other Funds | | 3,300,000 | 3,200,000 |
| Transfers To Other Funds | (8,700,000) | | |
| Total Other Adjustments to Cash (Uses) | <u>(8,619,941)</u> | <u>3,300,000</u> | <u>3,200,000</u> |
| Net Change in Fund Balance | 315,358 | (26,990) | 165,549 |
| Fund Balance - Beginning | 13,898,989 | 433,696 | 642,673 |
| Fund Balance - Ending | <u>\$ 14,214,347</u> | <u>\$ 406,706</u> | <u>\$ 808,222</u> |
| Composition of Fund Balance | | | |
| Bank Balance | \$ 14,279,459 | \$ 616,643 | \$ 817,576 |
| Payroll Revolving Account Reconciled Balance | 80,059 | | |
| Plus: Deposits In Transit | | | |
| Less: Outstanding Checks | (145,171) | (209,937) | (9,354) |
| Fund Balance - Ending | <u>\$ 14,214,347</u> | <u>\$ 406,706</u> | <u>\$ 808,222</u> |

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

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

| Budgeted Funds | | | | | | |
|-------------------------------------------------------|----------------------------|-------------------------------------------------|---------------------|--------------------------------------------------------|---------------------|---------------------------------|
| Local Government Economic Assistance Fund | COVID-19 Relief Fund | State Aid Funding For Emergencies Fund | Sports Plex Fund | Local Government Economic Development Fund | Contingency Fund | Clerk Record Storage Fund |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2,800 | | | | | | |
| 2,998,879 | 91,252 | | | 184,283 | 27,938 | |
| 595,902 | | | | | | |
| 251,638 | | 773,588 | | | | 73,503 |
| 23,628 | 232,983 | 316,042 | 24,903 | | 228,802 | 4,971 |
| <u>3,872,847</u> | <u>324,235</u> | <u>1,089,630</u> | <u>24,903</u> | <u>184,283</u> | <u>256,740</u> | <u>78,474</u> |
| 1,738,177 | | | | | | 69,151 |
| 325,000 | | | | | | |
| 1,845,000 | | | | | | |
| 137,129 | 4,981,402 | | | | | |
| 437,847 | | | 979,328 | | | |
| 1,064,526 | | | | | | |
| 427,316 | | 2,320,807 | | | | |
| <u>5,974,995</u> | <u>4,981,402</u> | <u>2,320,807</u> | <u>979,328</u> | | | <u>69,151</u> |
| <u>(2,102,148)</u> | <u>(4,657,167)</u> | <u>(1,231,177)</u> | <u>(954,425)</u> | <u>184,283</u> | <u>256,740</u> | <u>9,323</u> |
| 2,200,000 | 184,283 | | | | | |
| | | | | (184,283) | | |
| <u>2,200,000</u> | <u>184,283</u> | | | <u>(184,283)</u> | | |
| 97,852 | (4,472,884) | (1,231,177) | (954,425) | | 256,740 | 9,323 |
| 414,913 | 7,445,941 | 9,213,916 | 1,754,744 | | 5,027,187 | 103,575 |
| <u>\$ 512,765</u> | <u>\$ 2,973,057</u> | <u>\$ 7,982,739</u> | <u>\$ 800,319</u> | <u>\$ 0</u> | <u>\$ 5,283,927</u> | <u>\$ 112,898</u> |
| \$ 661,889 | \$ 2,973,860 | \$ 8,006,585 | \$ 800,319 | \$ | \$ 5,283,927 | \$ 113,630 |
| (149,124) | (803) | (23,846) | | | | (732) |
| <u>\$ 512,765</u> | <u>\$ 2,973,057</u> | <u>\$ 7,982,739</u> | <u>\$ 800,319</u> | <u>\$ 0</u> | <u>\$ 5,283,927</u> | <u>\$ 112,898</u> |

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

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

| | Budgeted Fund | Unbudgeted Funds | | Total Funds |
|--------------------------------------------------------------------------------------------|------------------------|------------------------------------|----------------------|---------------|
| | Opioid Settlement Fund | Public Properties Corporation Fund | Jail Commissary Fund | |
| RECEIPTS | | | | |
| Taxes | \$ | \$ | \$ | \$ 14,246,735 |
| Licenses and Permits | | | | 113,057 |
| Intergovernmental | | 1,513,637 | | 14,253,384 |
| Charges for Services | | | | 763,186 |
| Miscellaneous | 169,676 | | 230,402 | 2,205,887 |
| Interest | 24,335 | | 1,593 | 1,657,011 |
| Total Receipts | 194,011 | 1,513,637 | 231,995 | 33,239,260 |
| DISBURSEMENTS | | | | |
| General Government | | | | 8,569,168 |
| Protection to Persons and Property | | | | 5,834,426 |
| General Health and Sanitation | | | | 1,845,900 |
| Social Services | 64,501 | | | 5,183,032 |
| Recreation and Culture | | | 278,094 | 1,695,269 |
| Roads | | | | 3,231,812 |
| Debt Service | | 1,513,637 | | 1,785,497 |
| Capital Projects | | | | 3,260,262 |
| Administration | | | | 7,671,196 |
| Total Disbursements | 64,501 | 1,513,637 | 278,094 | 39,076,562 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | 129,510 | | (46,099) | (5,837,302) |
| Other Adjustments to Cash (Uses) | | | | |
| Payroll Revolving Account | | | | 80,059 |
| Transfers From Other Funds | | | | 8,884,283 |
| Transfers To Other Funds | | | | (8,884,283) |
| Total Other Adjustments to Cash (Uses) | | | | 80,059 |
| Net Change in Fund Balance | 129,510 | | (46,099) | (5,757,243) |
| Fund Balance - Beginning | 506,863 | | 311,799 | 39,754,296 |
| Fund Balance - Ending | \$ 636,373 | \$ 0 | \$ 265,700 | \$ 33,997,053 |
| Composition of Fund Balance | | | | |
| Bank Balance | \$ 636,373 | \$ | \$ 311,205 | \$ 34,501,466 |
| Payroll Revolving Account Reconciled Balance | | | | 80,059 |
| Plus: Deposits In Transit | | | 7,204 | 7,204 |
| Less: Outstanding Checks | | | (52,709) | (591,676) |
| Fund Balance - Ending | \$ 636,373 | \$ 0 | \$ 265,700 | \$ 33,997,053 |

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**HOPKINS COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The Hopkins County Tourist and Convention Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, it no longer is a required component of the reporting entity. Audits of the Hopkins County Tourist and Convention Commission can be obtained from the Hopkins County Fiscal Court, 56 North Main Street, Madisonville, KY 42431.

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.

HOPKINS 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)

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

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

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

COVID-19 Relief Fund - The primary purpose of this fund is to account for federal monies received from the government following the coronavirus pandemic.

State Aid Funding For Emergencies Fund - The primary purpose of this fund is to account for monies received to support disaster and recovery relief following a tornado in the county. The primary source of receipts for this fund is the state government.

Sports Plex Fund - The primary purpose of this fund is to account for expenses related to the construction of a new sports plex in the county.

Local Government Economic Development Fund - The purpose of this fund is to account for LGED grants and related disbursements.

Contingency Fund - The primary purpose of this fund is to set aside funds from general operations to act as a savings account for fiscal court and for special projects when they arise.

Clerk Record Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the County Clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to oxycontin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

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

D. Budgetary Information

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

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

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 Facilities Construction Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Hopkins County Elected Officials

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

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

HOPKINS 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

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following is considered a joint venture of the Hopkins County Fiscal Court:

Planning and Zoning Commission

Note 2. Deposits

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

Custodial Credit Risk - Deposits

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

HOPKINS 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 | LGEDF Fund | Total Transfers In |
|---------------------|---------------------|-------------------|-----------------------|
| Road Fund | \$ 3,300,000 | | \$ 3,300,000 |
| Jail Fund | 3,200,000 | | 3,200,000 |
| LGEA Fund | 2,200,000 | | 2,200,000 |
| COVID Fund | | \$ 184,283 | 184,283 |
| | <u>\$ 8,700,000</u> | <u>\$ 184,283</u> | <u>\$ 8,884,283</u> |
| Total Transfers Out | <u>\$ 8,700,000</u> | <u>\$ 184,283</u> | <u>\$ 8,884,283</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 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 \$77,422.

Note 5. Commitments – Lease Agreements

A. Leases – Lessor

The Hopkins 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 |
|-------------------------------|-------------------|-------------------|--------------------------|----------------|-----------------------|--------------------------|
| Juvenile Justice Office Space | 4/12/2024 | 3 years | Quarterly | 6/30/2027 | \$ 2,871 | \$ 22,968 |
| Child Support Office Space | 7/1/2024 | 2 years | Monthly | 6/30/2026 | 1,140 | 13,680 |
| Healthy Choice Office Space | 12/1/2023 | 2 years | Monthly | 12/1/2025 | 657 | 3,942 |
| Justice Center | 12/1/2017 | 10 years | Annually | 6/1/2027 | Follow Debt Schedule | 2,928,706 |

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

Note 5. Commitments – Lease Agreements (Continued)

B. Leases – Lessee

The Hopkins 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 |
|------------------------------------|----------------|-------------------|-----------------------|-------------|--------------------|-----------------------|
| Judge Executive - Copier | 8/24/2022 | 3 years | Monthly | 8/24/2025 | \$ 71 | \$ 142 |
| Parking Lot | 3/25/2025 | 1 year | Quarterly | 4/25/2026 | 1,650 | 4,950 |
| County Clerk - Copier | 8/24/2024 | 1 year | Monthly | 8/24/2025 | 129 | 259 |
| Sheriff's Office - Postage Machine | 11/29/2021 | 5 years, 3 months | Monthly | 2/29/2026 | 160 | 1,280 |
| Sheriff's Office - Copier | 6/13/2023 | 3 years, 3 months | Monthly | 9/13/2026 | 399 | 5,987 |
| County Treasurer - Copier | 6/13/2023 | 3 years | Monthly | 8/15/2026 | 206 | 2,890 |
| Parking Lot | 10/15/2024 | 1 year | Monthly | 10/15/2025 | 371 | 1,482 |
| KET Tower | 5/1/2021 | 5 years | Annually | 5/1/2026 | 6,127 | 6,127 |
| County Treasurer - Postage Machine | 3/23/2021 | 5 years, 3 months | Monthly | 6/23/2026 | 130 | 1,559 |
| Public Works - Copier | 10/27/2021 | 4 years | Monthly | 10/27/2025 | 193 | 772 |
| Jail - Copier | 6/10/2024 | 4 years | Monthly | 6/10/2028 | 168 | 6,040 |
| Jail - Copier | 9/16/2022 | 3 years | Monthly | 9/16/2025 | 235 | 705 |
| Happy Lane Convenience Center | 10/25/2021 | 5 years | Monthly | 10/25/2026 | 4,540 | 72,641 |
| LGEA Copier | 5/22/2024 | 4 years | Monthly | 5/22/2028 | 85 | 2,973 |
| County Clerk - Postage Machine | 10/20/2022 | 4 years, 6 months | Quarterly | 4/20/2027 | 1,009 | 7,063 |
| County Clerk - Credit Card Machine | 1/16/2025 | 1 year | Monthly | 1/16/2026 | 2,025 | 14,175 |
| Excavator | 10/19/2023 | 9 months | Monthly | 7/19/2024 | 4,200 | 0 |

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Jail HVAC System

On November 18, 2014, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program as Administrator and PNC Equipment Finance, LLC as lessor in the sum of \$495,000 at a 3.20 percent effective interest rate. The financing obligation was for the acquisition, installation, and equipping of an HVAC system. The HVAC system is being used as collateral for this agreement. In the event of default, the Kentucky Association of Counties Leasing Trust Program could have terminated the lease and took possession of the project within 60 days. The maturity date of the obligation was June 20, 2025. The balance of the financing obligation at June 30, 2025, was \$0. There are no further debt service requirements for this lease agreement.

2. Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2017

On July 27, 2017, the Hopkins County, Kentucky Public Properties Corporation issued \$5,928,288 of Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2017, for the purpose of (i) refunding and refinancing the outstanding Hopkins County Public Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series, 2010 maturing on and after June 1, 2023 and (ii) paying the costs of issuance on the bonds. In event of default, (i) the lien may be enforced, (ii) the mortgage may be foreclosed, and/or (iii) the project may be operated by the purchaser or place in receivership and/or sold at foreclosure sale.

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2017 (Continued)

The bonds will mature on June 1, 2027. The bonds have an interest rate of 2.25% annum and interest is payable each June 1 and December 1. As of June 30, 2025, the bonds outstanding were \$2,928,706. Future principal and interest requirements are:

| Fiscal Year Ending June 30 | Principal | Scheduled Interest |
|-------------------------------|---------------------|-----------------------|
| 2026 | \$ 1,448,804 | \$ 65,896 |
| 2027 | 1,479,902 | 33,298 |
| Totals | <u>\$ 2,928,706</u> | <u>\$ 99,194</u> |

3. First United Bank and Trust Company (Sports Plex Lease)

On May 4, 2022, the fiscal court entered into a lease agreement with the First United Bank Trust Company as Lessor in an amount not to exceed \$5,500,000 at a 2.99 percent effective interest rate. The lease was to finance a portion of the cost of the Mid-Town Boulevard Sport Complex, to be owned by the County and the City of Madisonville and to be used for a public purpose. As of May 5, 2024, the total amount financed and to be paid was \$2,594,033. Principal and interest payments are due monthly. In the event of default, there shall be levied on all taxable property within the County, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease rental payments or current annual debt service requirements due under the lease. The termination date of the lease is May 5, 2034. As of June 30, 2025, the balance of the financing obligation was \$2,442,173. Future principal and interest requirements are:

| Fiscal Year Ending June 30 | Principal | Scheduled Interest |
|-------------------------------|---------------------|-----------------------|
| 2026 | \$ 143,374 | \$ 72,104 |
| 2027 | 147,782 | 67,697 |
| 2028 | 152,153 | 63,326 |
| 2029 | 157,002 | 58,477 |
| 2030 | 161,828 | 53,650 |
| 2031-2034 | <u>1,680,034</u> | <u>162,341</u> |
| Totals | <u>\$ 2,442,173</u> | <u>\$ 477,595</u> |

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

Note 6. Long-term Debt (Continued)

B. Changes In Long-term Debt

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

| | Restated Beginning Balance * | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------------------|---------------------------------|-------------|---------------------|---------------------|------------------------|
| Direct Borrowings and Direct Placements | \$ 6,982,998 | \$ | \$1,612,119 | \$ 5,370,879 | \$ 1,448,804 |
| Total Long-term Debt | <u>\$ 6,982,998</u> | <u>\$ 0</u> | <u>\$ 1,612,119</u> | <u>\$ 5,370,879</u> | <u>\$ 1,448,804</u> |

* Beginning Balance is restated by \$235 due to variance in debt service schedule on sports plex lease.

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 | 1,592,178 | 138,000 |
| 2027 | 1,627,684 | 100,995 |
| 2028 | 152,153 | 63,326 |
| 2029 | 157,002 | 58,477 |
| 2030 | 161,828 | 53,650 |
| 2031-2034 | <u>1,680,034</u> | <u>162,341</u> |
| Totals | <u>\$ 5,370,879</u> | <u>\$ 576,789</u> |

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

Note 7. Commitment Debt

As of June 30, 2025, the following includes Hopkins County Fiscal Court's commitment debt balances.

A. Ambulance Service Contract

The Medical Center Ambulance Service, Inc. (MCAS) operates under a lease with Hopkins County. The term of the lease is for one year, and the lease is automatically renewed on a year-to-year basis unless terminated by one of the parties. Under the terms of the lease for the first year, the county is required to furnish the necessary number of ambulances required for the operation of the ambulance service and is to reimburse MCAS for the support of the county. MCAS has agreed to provide suitable and necessary ambulance service on a 24-hour basis to the residents of Hopkins County and to other persons requiring such service while in Hopkins County. On January 1, 2012, the Hopkins County Fiscal Court entered into a lease and contract with MCAS. The county agreed to furnish to MCAS, for the sum of one dollar per year, the existing inventory of fully serviceable ambulances. The term of the lease is for a period of four years unless sooner cancelled or terminated as provided in the lease.

This lease shall be automatically extended for the like periods of one year each, unless either party gives the other party 30 days written notice prior to the expiration of the current term. MCAS agreed to supply suitable and necessary ambulance service to the residents of Dawson Springs, Kentucky, as its Dawson Springs location and the remainder of Hopkins County, Kentucky through its Madisonville, Kentucky location. The county agreed to provide financial support as budgeted by the Hopkins County Fiscal Court, which budget shall be no less than current amount of \$150,000 annually, which shall be paid to MCAS in cash payments, not less frequently than three payments per year of \$50,000.

B. Hopkins County Regional Landfill

The Hopkins County Regional Landfill entered into an agreement with Hopkins County on October 31, 2011. Under the terms of the agreement, the Hopkins County Regional Landfill is to provide waste management services for the county and citizens of Hopkins County, Kentucky. The Hopkins County Regional Landfill has also agreed to pay licensing fees to the county as mandated in Ordinance 2006 – 10. As of June 30, 2025, both parties were in compliance with this agreement.

C. South Main Sewer Project – Interlocal Cooperation Agreement

On December 23, 2009, Hopkins County entered in an interlocal cooperation agreement with the City of Madisonville for the construction, maintenance, and operation of the South Main Sewer Project. The city has secured financing for this project from the Kentucky Infrastructure Authority in the form of an American Recovery and Reinvestment Act (ARRA) loan in the amount of \$3,800,000 bearing interest at the rate of 2 percent per annum to be repaid over at term of 20 years. The county has agreed to provide financial assistance to the city to help pay a portion of the debt service incurred by the city. The county has agreed to pay the city the sum of \$110,000 per year for period of 20 years payable in equal semi-annual installments of \$55,000 on or before June 1 and December 1 of each year beginning May 15, 2010.

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

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 \$2,161,545, FY 2024 was \$2,094,892, and FY 2025 was \$1,951,612.

Nonhazardous

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

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

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

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

Note 8. Employee Retirement System (Continued)

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8% of their annual creditable compensation and also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for hazardous employees was 38.61%.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

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

Benefits are covered under KRS 78.5536.

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

Note 8. Employee Retirement System (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. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

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

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

G. Annual Financial Report and Proportionate Share Audit Report

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

Note 9. Deferred Compensation

The Hopkins 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/Flexible Spending Account

The Hopkins County Fiscal Court established a flexible spending account 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 to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$3,532.

Note 11. Insurance

For the fiscal year ended June 30, 2025, the Hopkins 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.

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

Note 12. Note Receivable

On January 7, 2014, the Hopkins County Fiscal Court loaned \$500,000 to the Hopkins County – Madisonville Public Library for the purpose of making improvements to real estate. Terms of the agreement stipulate a 20-year repayment schedule at 1.175 percent interest. Records indicate Hopkins County – Madisonville Public Library is in substantial compliance with this agreement. As of June 30, 2025, the principal amount owed by the library was \$250,000.

Note 13. Commitments and Contingencies

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

Note 14. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2025, in the amount of \$80,059 was added to the General Fund cash balance for financial reporting purposes.

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

For The Year Ended June 30, 2025

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HOPKINS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

| | GENERAL FUND | | | |
|--------------------------------------------------------------------------------------------------|---------------------|---------------------|--------------------------------------------|---------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 11,732,000 | \$ 11,732,000 | \$ 14,246,735 | \$ 2,514,735 |
| Licenses and Permits | 97,000 | 97,000 | 110,257 | 13,257 |
| Intergovernmental | 4,813,647 | 4,813,647 | 3,928,221 | (885,426) |
| Charges for Services | 100 | 100 | 110 | 10 |
| Miscellaneous | 206,287 | 206,287 | 313,606 | 107,319 |
| Interest | 700,000 | 700,000 | 764,986 | 64,986 |
| Total Receipts | <u>17,549,034</u> | <u>17,549,034</u> | <u>19,363,915</u> | <u>1,814,881</u> |
| DISBURSEMENTS | | | | |
| General Government | 7,718,457 | 7,846,671 | 6,761,840 | 1,084,831 |
| Protection to Persons and Property | 748,000 | 747,566 | 499,097 | 248,469 |
| General Health and Sanitation | 900 | 900 | 900 | |
| Debt Service | 215,479 | 231,479 | 215,478 | 16,001 |
| Capital Projects | 20,000 | 20,000 | 16,008 | 3,992 |
| Administration | 8,613,078 | 8,469,298 | 2,935,293 | 5,534,005 |
| Total Disbursements | <u>17,315,914</u> | <u>17,315,914</u> | <u>10,428,616</u> | <u>6,887,298</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>233,120</u> | <u>233,120</u> | <u>8,935,299</u> | <u>8,702,179</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | <u>(13,808,120)</u> | <u>(13,808,120)</u> | <u>(8,700,000)</u> | <u>5,108,120</u> |
| Total Other Adjustments to Cash (Uses) | <u>(13,808,120)</u> | <u>(13,808,120)</u> | <u>(8,700,000)</u> | <u>5,108,120</u> |
| Net Change in Fund Balance | (13,575,000) | (13,575,000) | 235,299 | 13,810,299 |
| Fund Balance - Beginning | <u>13,575,000</u> | <u>13,575,000</u> | <u>13,898,989</u> | <u>323,989</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 14,134,288</u> | <u>\$ 14,134,288</u> |

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

| | ROAD FUND | | | |
|--------------------------------------------------------------------------------------------------|--------------------|--------------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 3,269,146 | \$ 3,269,146 | \$ 2,547,245 | \$ (721,901) |
| Miscellaneous | 400 | 400 | 182,174 | 181,774 |
| Interest | 20,000 | 20,000 | 24,316 | 4,316 |
| Total Receipts | <u>3,289,546</u> | <u>3,289,546</u> | <u>2,753,735</u> | <u>(535,811)</u> |
| DISBURSEMENTS | | | | |
| Roads | 5,326,282 | 5,500,759 | 3,231,812 | 2,268,947 |
| Debt Service | 200 | 200 | | 200 |
| Capital Projects | 2,450,000 | 2,450,000 | 2,179,728 | 270,272 |
| Administration | 1,140,136 | 965,659 | 669,185 | 296,474 |
| Total Disbursements | <u>8,916,618</u> | <u>8,916,618</u> | <u>6,080,725</u> | <u>2,835,893</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(5,627,072)</u> | <u>(5,627,072)</u> | <u>(3,326,990)</u> | <u>2,300,082</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>5,227,072</u> | <u>5,227,072</u> | <u>3,300,000</u> | <u>(1,927,072)</u> |
| Total Other Adjustments to Cash (Uses) | <u>5,227,072</u> | <u>5,227,072</u> | <u>3,300,000</u> | <u>(1,927,072)</u> |
| Net Change in Fund Balance | (400,000) | (400,000) | (26,990) | 373,010 |
| Fund Balance - Beginning | <u>400,000</u> | <u>400,000</u> | <u>433,696</u> | <u>33,696</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 406,706</u> | <u>\$ 406,706</u> |

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

| | JAIL FUND | | | |
|--------------------------------------------------------------------------------------------------|--------------------|--------------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 3,505,420 | \$ 3,505,420 | \$ 2,961,929 | \$ (543,491) |
| Charges for Services | 212,100 | 212,100 | 167,174 | (44,926) |
| Miscellaneous | 175,800 | 175,800 | 211,300 | 35,500 |
| Interest | 10,000 | 10,000 | 10,452 | 452 |
| Total Receipts | <u>3,903,320</u> | <u>3,903,320</u> | <u>3,350,855</u> | <u>(552,465)</u> |
| DISBURSEMENTS | | | | |
| Protection to Persons and Property | 5,296,925 | 5,300,925 | 5,010,329 | 290,596 |
| Debt Service | 56,383 | 56,383 | 56,382 | 1 |
| Administration | 2,036,912 | 2,032,912 | 1,318,595 | 714,317 |
| Total Disbursements | <u>7,390,220</u> | <u>7,390,220</u> | <u>6,385,306</u> | <u>1,004,914</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(3,486,900)</u> | <u>(3,486,900)</u> | <u>(3,034,451)</u> | <u>452,449</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>2,886,900</u> | <u>2,886,900</u> | <u>3,200,000</u> | <u>313,100</u> |
| Total Other Adjustments to Cash (Uses) | <u>2,886,900</u> | <u>2,886,900</u> | <u>3,200,000</u> | <u>313,100</u> |
| Net Change in Fund Balance | (600,000) | (600,000) | 165,549 | 765,549 |
| Fund Balance - Beginning | <u>600,000</u> | <u>600,000</u> | <u>642,673</u> | <u>42,673</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 808,222</u> | <u>\$ 808,222</u> |

HOPKINS 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 | | |
| RECEIPTS | | | | |
| Licenses and Permits | \$ 5,000 | \$ 5,000 | \$ 2,800 | \$ (2,200) |
| Intergovernmental | 5,142,400 | 5,142,400 | 2,998,879 | (2,143,521) |
| Charges for Services | 418,000 | 418,000 | 595,902 | 177,902 |
| Miscellaneous | 51,600 | 51,600 | 251,638 | 200,038 |
| Interest | 25,000 | 25,000 | 23,628 | (1,372) |
| Total Receipts | <u>5,642,000</u> | <u>5,642,000</u> | <u>3,872,847</u> | <u>(1,769,153)</u> |
| DISBURSEMENTS | | | | |
| General Government | 5,300,200 | 5,479,400 | 1,738,177 | 3,741,223 |
| Protection to Persons and Property | 325,000 | 325,000 | 325,000 | |
| General Health and Sanitation | 2,338,409 | 2,338,409 | 1,845,000 | 493,409 |
| Social Services | 169,000 | 170,350 | 137,129 | 33,221 |
| Recreation and Culture | 492,589 | 492,589 | 437,847 | 54,742 |
| Capital Projects | 2,250,000 | 2,250,000 | 1,064,526 | 1,185,474 |
| Administration | 860,950 | 680,400 | 427,316 | 253,084 |
| Total Disbursements | <u>11,736,148</u> | <u>11,736,148</u> | <u>5,974,995</u> | <u>5,761,153</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(6,094,148)</u> | <u>(6,094,148)</u> | <u>(2,102,148)</u> | <u>3,992,000</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | <u>5,694,148</u> | <u>5,694,148</u> | <u>2,200,000</u> | <u>(3,494,148)</u> |
| Total Other Adjustments to Cash (Uses) | <u>5,694,148</u> | <u>5,694,148</u> | <u>2,200,000</u> | <u>(3,494,148)</u> |
| Net Change in Fund Balance | (400,000) | (400,000) | 97,852 | 497,852 |
| Fund Balance - Beginning | <u>400,000</u> | <u>400,000</u> | <u>414,913</u> | <u>14,913</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 512,765</u> | <u>\$ 512,765</u> |

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

| | COVID-19 RELIEF FUND | | | |
|--------------------------------------------------------------------------------------------------|-----------------------------|--------------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ | \$ | \$ 91,252 | \$ 91,252 |
| Interest | 120,000 | 120,000 | 232,983 | 112,983 |
| Total Receipts | <u>120,000</u> | <u>120,000</u> | <u>324,235</u> | <u>204,235</u> |
| DISBURSEMENTS | | | | |
| Social Services | 7,610,001 | 7,610,001 | 4,981,402 | 2,628,599 |
| Total Disbursements | <u>7,610,001</u> | <u>7,610,001</u> | <u>4,981,402</u> | <u>2,628,599</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(7,490,001)</u> | <u>(7,490,001)</u> | <u>(4,657,167)</u> | <u>2,832,834</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers From Other Funds | | | 184,283 | 184,283 |
| Total Other Adjustments to Cash (Uses) | | | <u>184,283</u> | <u>184,283</u> |
| Net Change in Fund Balance | (7,490,001) | (7,490,001) | (4,472,884) | 3,017,117 |
| Fund Balance - Beginning | <u>7,490,001</u> | <u>7,490,001</u> | <u>7,445,941</u> | <u>(44,060)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,973,057</u> | <u>\$ 2,973,057</u> |

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

| | STATE AID FUNDING FOR EMERGENCIES FUND | | | |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------|--------------------------------------------|---------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ | \$ | \$ 773,588 | \$ 773,588 |
| Interest | 120,000 | 120,000 | 316,042 | 196,042 |
| Total Receipts | <u>120,000</u> | <u>120,000</u> | <u>1,089,630</u> | <u>969,630</u> |
| DISBURSEMENTS | | | | |
| Administration | 9,386,019 | 9,386,019 | 2,320,807 | 7,065,212 |
| Total Disbursements | <u>9,386,019</u> | <u>9,386,019</u> | <u>2,320,807</u> | <u>7,065,212</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(9,266,019)</u> | <u>(9,266,019)</u> | <u>(1,231,177)</u> | <u>8,034,842</u> |
| Net Change in Fund Balance | (9,266,019) | (9,266,019) | (1,231,177) | 8,034,842 |
| Fund Balance - Beginning | <u>9,266,019</u> | <u>9,266,019</u> | <u>9,213,916</u> | <u>(52,103)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 7,982,739</u> | <u>\$ 7,982,739</u> |

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

| | SPORTS PLEX FUND | | | |
|--------------------------------------------------------------------------------------------------|-------------------------|--------------------|--------------------------------------------|---------------------------------------------------------|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 200,000 | \$ 200,000 | \$ | \$ (200,000) |
| Interest | 20,000 | 20,000 | 24,903 | 4,903 |
| Total Receipts | <u>220,000</u> | <u>220,000</u> | <u>24,903</u> | <u>(195,097)</u> |
| DISBURSEMENTS | | | | |
| Recreation and Culture | 1,620,000 | 1,620,000 | 979,328 | 640,672 |
| Administration | 500,000 | 500,000 | | 500,000 |
| Total Disbursements | <u>2,120,000</u> | <u>2,120,000</u> | <u>979,328</u> | <u>1,140,672</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(1,900,000)</u> | <u>(1,900,000)</u> | <u>(954,425)</u> | <u>945,575</u> |
| Net Change in Fund Balance | (1,900,000) | (1,900,000) | (954,425) | 945,575 |
| Fund Balance - Beginning | <u>1,900,000</u> | <u>1,900,000</u> | <u>1,754,744</u> | <u>(145,256)</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 800,319</u> | <u>\$ 800,319</u> |

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

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

| | <u>Budgeted Amounts</u> | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------------------------------------------|-------------------------|------------------|--------------------------------------------|---------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| RECEIPTS | | | | |
| Intergovernmental | \$ 1,000,000 | \$ 1,000,000 | \$ 184,283 | \$ (815,717) |
| Total Receipts | <u>1,000,000</u> | <u>1,000,000</u> | <u>184,283</u> | <u>(815,717)</u> |
| DISBURSEMENTS | | | | |
| General Government | 1,000,000 | 1,000,000 | | 1,000,000 |
| Total Disbursements | <u>1,000,000</u> | <u>1,000,000</u> | | <u>1,000,000</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | <u>184,283</u> | <u>184,283</u> |
| Other Adjustments to Cash (Uses) | | | | |
| Transfers To Other Funds | | | (184,283) | (184,283) |
| Total Other Adjustments to Cash (Uses) | | | <u>(184,283)</u> | <u>(184,283)</u> |
| Net Change in Fund Balance | | | | |
| Fund Balance - Beginning | | | | |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

| | CONTINGENCY FUND | | | |
|--------------------------------------------------------------------------------------------------|-------------------------|--------------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Intergovernmental | \$ 27,937 | \$ 27,937 | \$ 27,938 | \$ 1 |
| Interest | 150,000 | 150,000 | 228,802 | 78,802 |
| Total Receipts | <u>177,937</u> | <u>177,937</u> | <u>256,740</u> | <u>78,803</u> |
| DISBURSEMENTS | | | | |
| Administration | 5,200,014 | 5,200,014 | | 5,200,014 |
| Total Disbursements | <u>5,200,014</u> | <u>5,200,014</u> | | <u>5,200,014</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(5,022,077)</u> | <u>(5,022,077)</u> | 256,740 | <u>5,278,817</u> |
| Net Change in Fund Balance | (5,022,077) | (5,022,077) | 256,740 | 5,278,817 |
| Fund Balance - Beginning | <u>5,022,077</u> | <u>5,022,077</u> | <u>5,027,187</u> | <u>5,110</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 5,283,927</u> | <u>\$ 5,283,927</u> |

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

CLERK RECORD STORAGE FUND

| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------------------------------------------|------------------|------------------|--------------------------------------------|---------------------------------------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Miscellaneous | \$ 60,000 | \$ 60,000 | \$ 73,503 | \$ 13,503 |
| Interest | 1,500 | 1,500 | 4,971 | 3,471 |
| Total Receipts | <u>61,500</u> | <u>61,500</u> | <u>78,474</u> | <u>16,974</u> |
| DISBURSEMENTS | | | | |
| General Government | 161,790 | 161,790 | 69,151 | 92,639 |
| Total Disbursements | <u>161,790</u> | <u>161,790</u> | <u>69,151</u> | <u>92,639</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(100,290)</u> | <u>(100,290)</u> | <u>9,323</u> | <u>109,613</u> |
| Net Change in Fund Balance | (100,290) | (100,290) | 9,323 | 109,613 |
| Fund Balance - Beginning | <u>100,290</u> | <u>100,290</u> | <u>103,575</u> | <u>3,285</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 112,898</u> | <u>\$ 112,898</u> |

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

| | OPIOID SETTLEMENT FUND | | | |
|--------------------------------------------------------------------------------------------------|-------------------------------|------------------|----------------------------------|----------------------------------------|
| | Budgeted Amounts | | Actual | Variance with |
| | Original | Final | Amounts, (Budgetary Basis) | Final Budget Positive (Negative) |
| RECEIPTS | | | | |
| Miscellaneous | \$ 70,970 | \$ 70,970 | \$ 169,676 | \$ 98,706 |
| Interest | 7,500 | 7,500 | 24,335 | 16,835 |
| Total Receipts | <u>78,470</u> | <u>78,470</u> | <u>194,011</u> | <u>115,541</u> |
| DISBURSEMENTS | | | | |
| Social Services | 584,240 | 584,240 | 64,501 | 519,739 |
| Total Disbursements | <u>584,240</u> | <u>584,240</u> | <u>64,501</u> | <u>519,739</u> |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | <u>(505,770)</u> | <u>(505,770)</u> | <u>129,510</u> | <u>635,280</u> |
| Net Change in Fund Balance | (505,770) | (505,770) | 129,510 | 635,280 |
| Fund Balance - Beginning | <u>505,770</u> | <u>505,770</u> | <u>506,863</u> | <u>1,093</u> |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 636,373</u> | <u>\$ 636,373</u> |

**HOPKINS 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.

Note 2. Reconciliation of the General Fund

| | |
|-------------------------------------------------|----------------------|
| Fund Balance - Ending - Budgetary Basis | \$ 14,134,288 |
| To adjust for Payroll Revolving Account Balance | <u>80,059</u> |
| Total Intergovernmental - Regulatory Basis | <u>\$ 14,214,347</u> |

**HOPKINS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2025

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**HOPKINS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2025

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity's Identifying Number | Provided to Subrecipient | Total Federal Expenditures |
|-------------------------------------------------------------------------|-----------------------------------|------------------------------------------|--------------------------|----------------------------|
| <u>U. S. Department of Homeland Security</u> | | | | |
| <i>Passed-Through Kentucky Department of Emergency Management</i> | | | | |
| Emergency Management Performance Grants | 97.042 | 2500000932 | \$ | \$ 19,357 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 2500000377 | | 1,765,727 |
| <i>Passed-Through Kentucky Office of Homeland Security</i> | | | | |
| State and Local Cybersecurity Grant Program | 97.137 | 2400001522 | | 3,247 |
| Total U.S. Department of Homeland Security | | | <u>\$</u> | <u>\$ 1,788,331</u> |
| <u>U. S. Department of Treasury</u> | | | | |
| <i>Direct Program</i> | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | \$ | \$ 4,800,602 |
| Total U.S. Department of Treasury | | | <u>\$</u> | <u>\$ 4,800,602</u> |
| <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 | 14.228 | 2000001479 | \$ | \$ 275,535 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$</u> | <u>\$ 275,535</u> |
| Total Expenditures of Federal Awards | | | <u>\$</u> | <u>\$ 6,864,468</u> |

The accompanying notes are an integral part of this schedule.

HOPKINS COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Hopkins County, Kentucky under programs of the federal government for the year ended June 30, 2025. 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 Hopkins County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hopkins 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

Hopkins 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.

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

For The Year Ended June 30, 2025

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HOPKINS 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:

| | (Restated) Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------|------------------------------------|-------------------------|-----------------------|--------------------------|
| Land and Land Improvements | \$ 5,606,579 | \$ | \$ | \$ 5,606,579 |
| Construction In Progress | 9,975,751 | 979,328 | | 10,955,079 |
| Buildings and Building Improvement | 37,760,944 | 58,574 | | 37,819,518 |
| Machinery and Equipment | 8,336,700 | 893,038 | | 9,229,738 |
| Vehicles | 4,827,291 | 193,639 | 103,938 | 4,916,992 |
| Jail Commissary | 684,819 | | | 684,819 |
| Infrastructure | 22,769,211 | 2,748,122 | | 25,517,333 |
| Total Capital Assets | <u>\$ 89,961,295</u> | <u>\$ 4,872,701</u> | <u>\$ 103,938</u> | <u>\$ 94,730,058</u> |

HOPKINS 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 and Land Improvements | \$ 12,500 | 10-60 |
| Buildings and Building Improvements | 25,000 | 10-75 |
| Furniture and Fixtures | 20,000 | 5-25 |
| Machinery and Equipment | 20,000 | 5-25 |
| Vehicles | 20,000 | 3 |
| Infrastructure | 20,000 | 10-50 |

Note 2. Restatement of Capital Assets Beginning Balance

The Hopkins County Fiscal Court's Capital Asset Schedule's beginning balance differs from the prior year audited Capital Asset Schedule's ending balance due to the county thoroughly going through the list and making necessary updates. The following illustrates the difference between the two schedules:

| | Prior Year Audited | Difference | (*Restated) Current Year Beginning Balance |
|-------------------------------------|-----------------------|-----------------------|--------------------------------------------------|
| | <u>Ending Balance</u> | <u>Difference</u> | <u>Beginning Balance</u> |
| Land and Land Improvements | \$ 5,606,579 | \$ 0 | \$ 5,606,579 |
| Construction in Progress | 9,975,752 | (1) | 9,975,751 |
| Buildings and Building Improvements | 37,706,347 | 54,597 | 37,760,944 |
| Machinery and Equipment | 11,879,687 | (3,542,987) | 8,336,700 |
| Vehicles | 4,880,038 | (52,747) | 4,827,291 |
| Jail Commissary | 737,730 | (52,911) | 684,819 |
| Infrastructure | 20,375,610 | 2,393,601 | 22,769,211 |
| Total Capital Assets | <u>\$ 91,161,743</u> | <u>\$ (1,200,448)</u> | <u>\$ 89,961,295</u> |

**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 Jack Whitfield, Jr., Hopkins County Judge/Executive
Members of the Hopkins 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 Hopkins County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Hopkins County Fiscal Court's financial statement and have issued our report thereon dated March 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Hopkins 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 Hopkins County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hopkins 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 2025-001, 2025-002, and 2025-003 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 Hopkins 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 2025-001, 2025-002, and 2025-003.

Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Hopkins 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

March 23, 2026

**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 Jack Whitfield, Jr., Hopkins County Judge/Executive
Members of the Hopkins County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hopkins 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 Hopkins County Fiscal Court's major federal programs for the year ended June 30, 2025. The Hopkins 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 Hopkins 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, 2025.

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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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

March 23, 2026

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

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

Federal Awards

| | | |
|--------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------|
| Internal control over major programs: | | |
| • Are any material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| • Are any significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> 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? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

**HOPKINS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)**

Section II: Financial Statement Findings

2025-001 The Hopkins County Jail Commissary Report Was Materially Misstated

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Hopkins County Jail provided a commissary report to the treasurer that combined inmate money activity with the activity of the jail commissary fund. Jail commissary activity was not reconciled separately from the inmate monies activity. During testing, we found that inmate account receipts of \$1,039,060 and inmate account disbursements of \$970,472 were included in the report as jail commissary activity and were required to be removed from the commissary fund financial information. Inmate money is held on behalf of the inmates and is considered fiduciary activity. In addition, commissions earned on commissary sales were netted against the commissary items' costs, resulting in both commissions receipts and commissary costs each being understated by \$115,930.

Cause

The jail maintains only one bank account for the commissary funds and inmate personal monies. According to the bookkeeper, she was unaware of the need for inmate trust activity to be reported separately from the commissary fund activity. In addition, she was also unaware that the full amount of all commission receipts needed to be shown and accounted for in the ledgers and on the financial statement.

Effect

As a result, the jail commissary report was materially misstated. Jail commissary activity was overstated, and inmate activity was not properly accounted for separately as required by GASB 84.

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." Separate accounting of commissary and inmate monies is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

In addition, inmate money is held on behalf of the inmates in trust is a fiduciary activity. GASB 84 states that "[g]overnments should report fiduciary activities in the fiduciary fund financial statements of the basic financial statements."

Recommendation

We recommend the Hopkins County Jail maintain and record all activity of the inmate trust account separately from the commissary funds. We recommend that the jail open a separate account for inmate funds if the activity cannot be separated while held in the one bank account. We also recommend that all commissions received, and commissary costs paid be properly recorded in the jail commissary receipts and disbursements ledgers. Inmate trust activity should reflect all monies received for and disbursements made from inmate funds.

**HOPKINS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)**

Section II: Financial Statement Findings (Continued)

2025-001 The Hopkins County Jail Commissary Report Was Materially Misstated (Continued)

Views of Responsible Official and Planned Corrective Action

Jailer's Response: The Hopkins County Jail has opened a secondary bank account to separate the funds of the commissary and inmate accounts to provide more legible account information, this was completed on 07/01/2025.

2025-002 The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated

Condition and Context

The Hopkins County Fiscal Court's original Schedule of Expenditures of Federal Awards (SEFA) was overstated by \$1,447,567. The total overstatements are made up of the following errors made on the following programs:

- Assistance Listing Number 21.027 - \$180,800 of expenditures included for fiscal year 2025 were expenditures reimbursed by other federal awards, and were included twice on the SEFA.
- Assistance Listing Number 97.036 - \$1,266,767 of expenditures included on the SEFA were not reimbursed by federal awards.

Cause

According to the executive assistant to the county judge/executive, there was confusion on what purchases were approved by FEMA and would be documented on the SEFA. In addition, due to the reimbursement of certain 21.027 expenditures by other federal awards, the county was unaware these had been included twice on the SEFA.

Effect

As a result of the errors made and lack of effective operating controls, the original SEFA was overstated. Furthermore, the fiscal court is not in compliance with 2 CFR 200.510(b).

Criteria

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to prepare an accurate SEFA and submit with the fourth quarter report to the Department for Local Government.

Additionally, 2 CFR 200.508(b) regarding audit requirements for federal awards states that the auditee must "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510." 2 CFR 200.510 (b) states, in part, "[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. The schedule must include the total Federal awards expended as determined in accordance with § 200.502.""

**HOPKINS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)**

Section II: Financial Statement Findings (Continued)

2025-002 The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated
(Continued)

Criteria (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 over financial reporting is vital for ensuring that federal awards expended are properly accounted for and accurately reported.

Recommendation

We recommend the Hopkins County Fiscal Court implement or strengthen controls over federal award expenditures reporting to ensure amounts reported represent true federal expenditures during the year.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: Judge Executive Admin Asst will try to get the correct totals from ER Assist.

2025-003 Occupational And Net Profit Tax Receipts Were Not Processed Or Deposited Timely

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-003. Occupational and net profit tax receipts were not always processed and deposited timely. There appeared to be delays of up to two weeks between the dates occupational and net profit taxes were received and when they were processed and deposited. Of the occupational and net profit tax receipts tested, \$199,084 of the \$1,1091,294 receipts were not processed or deposited timely.

Cause

According to county personnel, given the magnitude of the occupational and net profit tax receipts of Hopkins County, the tax administrator has trouble keeping up with the number of individual receipts.

Effect

Occupational and net profit tax receipts were not always processed and deposited in a timely manner, leaving receipts vulnerable to misappropriation or loss. In addition, there is an increased risk that the fiscal court is not receiving all occupational and net profit tax receipts to which it is entitled.

Criteria

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires deposits be made intact daily into a federally insured banking institution.

HOPKINS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-003 Occupational And Net Profit Tax Receipts Were Not Processed Or Deposited Timely

Criteria (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.” The timely processing of occupational and net profit tax is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

Recommendation

We recommend the county treasurer and occupational tax administrator work together to develop a new system of handling occupational and net profit tax receipts that will help ensure such receipts are deposited in a timely manner and all businesses are filing their monthly or quarterly occupational tax returns and net profit returns, if applicable.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive’s Response: The county does not have enough staff to get all the checks deposited on a daily basis. We will continue to strive to complete this task daily.

Section III: Federal Award Findings And Questioned Costs

None.

HOPKINS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section IV: Summary Schedule of Prior Audit Findings

| Finding Number | Prior Year Finding Title | Status | Corrective Action |
|----------------|-------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2024-001 | Hopkins County Fiscal Court's Jail Commissary Report Was Materially Misstated | Partially Resolved | Hopkins County Jail will open a secondary bank account to separate the funds of the commissary and inmate accounts to provide more legible account information. This was implemented starting in FY 26. |
| 2024-002 | Hopkins County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing | Resolved | The Hopkins County Fiscal Court implemented comp time policy in FY 25. It is for salary employees only. They can opt for comp or overtime. Each employee is required to keep up with their comp time. |
| 2024-003 | Hopkins County Fiscal Court Occupational Tax Receipts Were Not Deposited Timely | Unresolved | The Hopkins County Fiscal Court does not have the staff or the room for more staff in order to process all the checks on a daily basis. The checks come in a large bundle at the end of the quarter and when net profits come in. We have 3 people processing the deposits as quickly and adequately as possible. |

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

HOPKINS COUNTY FISCAL COURT

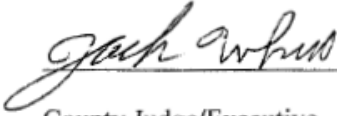
For The Year Ended June 30, 2025

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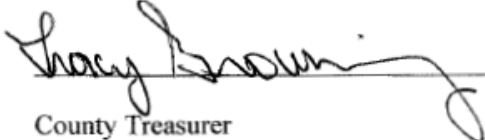
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM
HOPKINS COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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



County Judge/Executive



County Treasurer