

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

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



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

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



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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 Adam O'Nan, Union County Judge/Executive  
Members of the Union 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 Union County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Union 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 Union County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Union County Fiscal Court, for the year ended June 30, 2024, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

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

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

To the People of Kentucky  
 The Honorable Andy Beshear, Governor  
 Holly M. Johnson, Secretary  
 Finance and Administration Cabinet  
 The Honorable Adam O'Nan, Union County Judge/Executive  
 Members of the Union 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 Union 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 Union County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Adam O'Nan, Union County Judge/Executive  
Members of the Union County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2025, on our consideration of the Union 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 Union County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Union County Fiscal Court Is Not Compliant With Continuing Disclosure Requirements
- 2024-002 The Union County Fiscal Court Had Inadequate Controls Over Disbursements
- 2024-003 The Union County Fiscal Court Did Not Properly Expend LGEA Funds
- 2024-004 The Union County Fiscal Court Failed To Implement Adequate Controls Over The Collection Of Receipts
- 2024-005 The Union County Fiscal Court Did Not Have Adequate Controls Over Disbursements Of Economic Adjustment Assistance (EDA) Funds

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

July 29, 2025



**UNION COUNTY OFFICIALS**  
**For The Year Ended June 30, 2024**

**Fiscal Court Members:**

Adam O'Nan	County Judge/Executive
Rick Wyatt	Magistrate
Jerri Floyd	Magistrate
Jim Ricketts	Magistrate
Dakota Jones	Magistrate
Bo Girten	Magistrate

**Other Elected Officials:**

Julie Wallace	County Attorney
Jason Newton	Jailer
Garrick Thompson	County Clerk
Jo Sheridan	Circuit Court Clerk
Jason Thomas	Sheriff
Clay Wells	Property Valuation Administrator
Stephen Shouse	Coroner

**Appointed Personnel:**

Lissa Gibson	County Treasurer
Kim Nance	Finance Officer

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 3,089,152	\$	\$
In Lieu Tax Payments	95,393		
Excess Fees	143,263		
Licenses and Permits	18,003		
Intergovernmental	1,565,369	1,963,282	91,971
Charges for Services			22,894
Miscellaneous	91,171	42,033	76
Interest	34,795	6,645	1,108
Total Receipts	<u>5,037,146</u>	<u>2,011,960</u>	<u>116,049</u>
<b>DISBURSEMENTS</b>			
General Government	3,589,879		
Protection to Persons and Property	1,253,445		684,355
General Health and Sanitation			
Social Services	7,307		
Recreation and Culture			
Roads		1,896,716	
Bus Services			
Other Transportation Facilities and Services			
Debt Service		168,525	
Capital Projects	149,498		
Administration	645,524	374,427	165,535
Total Disbursements	<u>5,645,653</u>	<u>2,439,668</u>	<u>849,890</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(608,507)</u>	<u>(427,708)</u>	<u>(733,841)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			
Transfers From Other Funds	500,000	168,525	251,530
Transfers To Other Funds	(500,000)	(1,530)	
Total Other Adjustments to Cash (Uses)	<u></u>	<u>166,995</u>	<u>251,530</u>
Net Change in Fund Balance	(608,507)	(260,713)	(482,311)
Fund Balance - Beginning	2,485,867	604,567	543,849
Fund Balance - Ending	<u>\$ 1,877,360</u>	<u>\$ 343,854</u>	<u>\$ 61,538</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,967,891	\$ 348,726	\$ 61,759
Less: Outstanding Checks	(90,531)	(4,872)	(221)
Fund Balance - Ending	<u>\$ 1,877,360</u>	<u>\$ 343,854</u>	<u>\$ 61,538</u>

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

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

<b>Budgeted Funds</b>					
<b>Local Government Economic Assistance Fund</b>	<b>Federal Grant Fund</b>	<b>County Bond Sinking Fund</b>	<b>County Clerk Permanent Record Storage Fund</b>	<b>Opioid Settlement Fund</b>	<b>Total Funds</b>
\$ 13,634	\$	\$	\$	\$	\$ 3,102,786
					95,393
					143,263
					18,003
13,497,855	262,647	600,846			17,981,970
364,547					387,441
209,051			18,970	147,694	508,995
24,617		351	265	2,157	69,938
14,109,704	262,647	601,197	19,235	149,851	22,307,789
655,737	231,182		370		4,477,168
2,006,843					3,944,643
609,773					609,773
736,329					743,636
3,872,872					3,872,872
502,260					2,398,976
132,853					132,853
722,914					722,914
		231,672			400,197
3,359,209					3,508,707
284,800	9,480				1,479,766
12,883,590	240,662	231,672	370		22,291,505
1,226,114	21,985	369,525	18,865	149,851	16,284
400,000					400,000
708,650		261,333			1,890,038
(1,011,333)		(377,175)			(1,890,038)
97,317		(115,842)			400,000
1,323,431	21,985	253,683	18,865	149,851	416,284
1,630,148	50,001	1,411	10,064	112,150	5,438,057
\$ 2,953,579	\$ 71,986	\$ 255,094	\$ 28,929	\$ 262,001	\$ 5,854,341
\$ 3,104,693	\$ 71,986	\$ 255,094	\$ 28,929	\$ 262,001	\$ 6,101,079
(151,114)					(246,738)
\$ 2,953,579	\$ 71,986	\$ 255,094	\$ 28,929	\$ 262,001	\$ 5,854,341

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

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TO THE FINANCIAL STATEMENT**

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**UNION COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

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

**Budgeted Funds (Continued)**

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

Federal Grant Fund - The primary purpose of this fund is to account for the federal grants received and disbursed.

County Bond Sinking Fund - The primary purpose of this fund is to account for debt service requirements of the county.

County Clerk Permanent Record Storage Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturer and distributors.

**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.

**E. Union County Elected Officials**

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

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



**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2024**  
**(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. Jointly Governed Organization**

Regional governments or other multi-government arrangements that are governed by representatives from each of the governments that created the organization but are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. Based on this criteria, the following are considered jointly governed organizations of the Union County Fiscal Court:

Four Star Regional Industrial Park

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

**Custodial Credit Risk - Deposits**

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

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

**Note 3. Transfers**

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

	General Fund	Road Fund	LGEA Fund	County Bond Sinking Fund	Total Transfers In
General Fund	\$	\$	\$ 500,000	\$	\$ 500,000
Road Fund				168,525	168,525
Jail Fund		1,530	250,000		251,530
LGEA Fund	500,000			208,650	708,650
County Bond Sinking Fund			261,333		261,333
Total Transfers Out	<u>\$ 500,000</u>	<u>\$ 1,530</u>	<u>\$ 1,011,333</u>	<u>\$ 377,175</u>	<u>\$ 1,890,038</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. Leases**

**A. Lessor**

**1. Administrative Office of the Courts (Annex)**

On July 1, 2023, Union County started leasing office space to the Administrative Office of the Courts (AOC). This tenant shall have the option to renew the term of this lease each year. Union County recognized \$159,172 in lease revenue during the current fiscal year related to the lease. As of June 30, 2024, Union County's receivable for lease payments has been satisfied.

**2. Administrative Office of the Courts (Courthouse)**

On July 1, 2023, Union County started leasing office space to the Administrative Office of the Courts (AOC). This tenant shall have the option to renew the term of this lease each year. Union County recognized \$58,153 in lease revenue during the current fiscal year related to the lease. As of June 30, 2024, Union County's receivable for lease payments has been satisfied.

**B. Lessee**

**1. Copier (Judge/Administrative Assistant)**

On July 1, 2023, Union County entered into a lease agreement as lessee for the use of a copier. Monthly payments of \$60 are paid. As of June 30, 2024, \$720 of the lease had been satisfied for the current fiscal year.

**2. Copier (Road Department)**

On July 1, 2023, Union County entered into a lease agreement as lessee for the use of a copier. Monthly payments of \$60 are paid. As of June 30, 2024, \$420 of the lease had been satisfied for the current fiscal year.

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

**Note 4. Leases (Continued)**

**B. Lessee (Continued)**

**3. Copier (Jail)**

On July 1, 2023, Union County entered into a lease agreement as lessee for the use of a copier. Monthly payments of \$30 are paid. As of June 30, 2024, \$240 of the lease had been satisfied for the current fiscal year.

**4. Copier (Animal Control)**

On July 1, 2023, Union County entered into a lease agreement as lessee for the use of a copier. Monthly payments of \$60 are paid. As of June 30, 2024, \$720 of the lease had been satisfied for the current fiscal year.

**5. Copier (Senior Citizens)**

On January 1, 2018, Union County entered into a five-year lease agreement as lessee for the use of a copier. Monthly payments of \$211 are paid. As of June 30, 2024, \$2,528 of the lease had been satisfied for the current fiscal year.

**6. Copier (911)**

On July 1, 2023, Union County entered into a lease agreement as lessee for the use of a copier. Monthly payments of \$60 are paid. As of June 30, 2024, \$480 of the lease had been satisfied for the current fiscal year.

**7. Office Chairs (911)**

On February 1, 2022, Union County entered into a three-year lease agreement as lessee for the use of office chairs. Yearly payments of \$927 are due. As of June 30, 2024, \$927 of the lease had been satisfied for the current fiscal year.

**8. Vehicles**

On July 1, 2021, Union County entered into a lease agreement as lessee for the use of vehicles. Monthly payments are due on the various vehicles. As of June 30, 2024, \$136,569 of the lease had been satisfied for the current fiscal year.

**9. Copiers (Canon)**

On December 21, 2023, Union County entered into a five year lease agreement as lessee for the use of copiers. Monthly payments of \$574 are paid. As of June 30, 2024, \$2,869 of the lease had been satisfied for the current fiscal year with \$31,565 outstanding.

Fiscal Year Ended June 30	Amount
2025	\$ 6,887
2026	6,887
2027	6,887
2028	6,887
2029	4,017
<b>Total</b>	<b>\$ 31,565</b>

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

**Note 4. Leases (Continued)**

**B. Lessee (Continued)**

**10. Fire Tower**

On March 26, 2024, Union County entered into a five-year lease agreement as lessee for the use of a fire tower. Yearly payments of \$25 are due, with payments beginning on or before July 15 each year. As of June 30, 2024, the lease had an outstanding balance of \$125.

Fiscal Year Ended June 30	Amount
2025	\$ 25
2026	25
2027	25
2028	25
2029	25
<b>Total</b>	<b>\$ 125</b>

**Note 5. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Energy Efficiency and Conservation Loan**

On April 17, 2014, a loan agreement was made by and between the Commonwealth of Kentucky, Department for Local Government (DLG), and the Union County Fiscal Court. This loan agreement provides a loan in the amount of \$100,000 from the DLG Energy Efficiency and Conservation Revolving Loan Fund of Kentucky to the borrower, for the purpose of implement energy savings measures in county buildings through an energy savings performance contract. Upon event of default, the lesser will have all rights and remedies available under applicable law and declare all lease payments due or to become dues. Principal outstanding as of June 30, 2024, was \$2,500. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal
2025	\$ 2,500
Totals	<b>\$ 2,500</b>

**2. KACO Vehicles**

On May 16, 2023, a loan agreement was made by and between Kentucky Association of Counties Leasing Trust (KACoLT) and the Union County Fiscal Court. This loan agreement provides a loan in the amount of \$400,000 from Magnolia Bank to the borrower, for the purpose of a rolling line of credit for the leasing of vehicles.

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

**Note 5. Long-term Debt (Continued)**

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

**2. KACO Vehicles (Continued)**

Upon event of default, the lessor may exercise any one or more of the following remedies as to the project, to whichever the event of default pertains:

- a) By appropriate court action, enforce the pledge set forth in Section 2 of the Authorizing Legislation and Section 9 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to rate, a direct tax annual in an amount sufficient to pay the lease payments
- b) by written notice to lessee, enter and take immediate possession of the project
- c) sell or lease the project or sublease it for the account of lessee
- d) exercise any other right, remedy or privilege which may be available to it under the applicable laws of the Commonwealth or any other applicable law or proceed by appropriate court action to enforce the terms of the lease or to recover damages for the breach of this lease or to rescind this lease as to any or all of the project.

While the debt was entered into in the 2023 fiscal year, proceeds were not received until the 2024 fiscal year. Principal outstanding as of June 30, 2024, was \$274,955. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 134,055	\$ 12,116
2026	140,900	4,353
Totals	<u>\$ 274,955</u>	<u>\$ 16,469</u>

**B. Other Debt**

**1. Series 2013, General Obligation Improvement Bonds (Road Project)**

On December 3, 2013, the Union County Fiscal Court issued General Obligation Improvement Bonds (Road Project), Series 2013. The bonds were dated December 3, 2013, payable semi-annually on March 1 and September 1, beginning March 1, 2014. The interest rate on the bonds is 2.50% to 3.65%. The purpose of financing is (i) the construction of county roads and road improvements, (ii) accrued or capitalized interest, and (iii) cost of issuance. In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good then, with the written consent of the owners of not less than 50% in principal amount of the outstanding bonds, by annulling such declaration and its consequences. In the event of default, each defaulted bond shall continue to bear interest after maturity at its interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof. The balance of the obligation as of June 30, 2024, was \$775,000. Future interest and principal requirements are:

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

**Note 5. Long-term Debt (Continued)**

**C. Other Debt (Continued)**

**1. Series 2013, General Obligation Improvement Bonds (Road Project) (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 145,000	\$ 24,250
2026	150,000	19,544
2027	155,000	14,397
2028	160,000	8,881
2029	<u>165,000</u>	<u>2,991</u>
Totals	<u>\$ 775,000</u>	<u>\$ 70,063</u>

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 412,500	\$	\$ 135,045	\$ 277,455	\$ 136,555
Other Debt	<u>915,000</u>		<u>140,000</u>	<u>775,000</u>	<u>145,000</u>
Total Long-term Debt	<u>\$ 1,327,500</u>	<u>\$ 0</u>	<u>\$ 275,045</u>	<u>\$ 1,052,455</u>	<u>\$ 281,555</u>

**E. Aggregate Debt Schedule**

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

<u>Fiscal Year Ended June 30</u>	<u>Other Debt</u>		<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 145,000	\$ 24,250	\$ 136,555	\$ 12,116
2026	150,000	19,544	140,900	4,353
2027	155,000	14,397		
2028	160,000	8,881		
2029	<u>165,000</u>	<u>2,991</u>		
Totals	<u>\$ 775,000</u>	<u>\$ 70,063</u>	<u>\$ 277,455</u>	<u>\$ 16,469</u>

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

**Note 6. Employee Retirement System**

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

The county's contribution for FY 2022 was \$904,587, FY 2023 was \$951,576, and FY 2024 was \$858,343.

Nonhazardous

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

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

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

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

Hazardous

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

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

**Note 6. Employee Retirement System (Continued)**

Hazardous (Continued)

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. 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 Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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



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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

Benefits are covered under KRS 78.5536.

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

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

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

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

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.

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

**Note 6. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

F. Death Benefit

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

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

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

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 7. Deferred Compensation**

The Union 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.

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

**Note 8. Health Reimbursement Account**

The Union County Fiscal Court established a health reimbursement account in June 2009, 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. Employees are provided \$2,400 for single plans and \$4,800 for all other plans each year to pay for qualified medical expenses. The balance of the plan as of June 30, 2024, is \$103,575.

**Note 9. Insurance**

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

**Note 10. Tax Abatement**

The occupational tax was abated under the authority of Union County Fiscal Court. Ervin Cable Construction is eligible to receive this tax abatement due to their commitment to expand and create jobs for citizens of Union County. The taxes are abated by a rebate paid back to the company. For fiscal year ended June 30, 2024, the Union County Fiscal Court abated occupational taxes totaling \$11,901. As part of the tax abatement agreement, the Union County Fiscal Court committed to rebate the companies a half percent (0.5%) of the wages, salaries, or other compensation paid by the company imposed and levied as occupational licenses fees otherwise derived by the Union County Fiscal Court from salaries, wages, and other compensation paid to the qualifying new employees hired, for a period of ten years or until the maximum amount allowed under the Kentucky Business Investment Program (KBI) has been rebated, whichever is first.

**Note 11. Commitment Debt**

On February 14, 2012, the Union County Fiscal Court entered into an agreement with the City of Sturgis, where the county accepts responsibility for and commits to remitting the semi-annual payments on behalf of the City of Sturgis for the city's state revolving loan to complete the Sturgis Water System/Union County District Consolidation Project. Payments are made December 1 and June 1 to Kentucky Infrastructure Authority each year. The balance of the obligation at June 30, 2024, was \$814,378. Future interest and principal requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$ 64,204	\$ 9,980
2026	64,847	9,175
2027	65,498	8,362
2028	66,154	7,542
2029	66,817	6,713
2030-2034	344,270	20,834
2035-2036	<u>142,588</u>	<u>2,233</u>
Totals	<u>\$ 814,378</u>	<u>\$ 64,839</u>

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

**Note 12. Conduit Debt**

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

**Note 13. Commitments and Contingencies**

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

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 2,749,725	\$ 2,834,665	\$ 3,089,152	\$ 254,487
In Lieu Tax Payments	48,200	67,800	95,393	27,593
Excess Fees	249,982	249,982	143,263	(106,719)
Licenses and Permits	14,200	15,100	18,003	2,903
Intergovernmental	698,659	1,138,909	1,565,369	426,460
Charges for Services	500	500		(500)
Miscellaneous	15,500	40,850	91,171	50,321
Interest	15,800	28,450	34,795	6,345
Total Receipts	3,792,566	4,376,256	5,037,146	660,890
<b>DISBURSEMENTS</b>				
General Government	3,765,295	4,006,324	3,589,879	416,445
Protection to Persons and Property	1,710,154	2,004,050	1,253,445	750,605
Social Services	13,000	10,977	7,307	3,670
Capital Projects	150,000	220,775	149,498	71,277
Administration	718,972	698,985	645,524	53,461
Total Disbursements	6,357,421	6,941,111	5,645,653	1,295,458
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,564,855)	(2,564,855)	(608,507)	1,956,348
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			500,000	500,000
Transfers To Other Funds			(500,000)	(500,000)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(2,564,855)	(2,564,855)	(608,507)	1,956,348
Fund Balance - Beginning	2,564,855	2,564,855	2,485,867	(78,988)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,877,360	\$ 1,877,360

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,026,105	\$ 2,282,105	\$ 1,963,282	\$ (318,823)
Miscellaneous	170,025	170,025	42,033	(127,992)
Interest	500	500	6,645	6,145
Total Receipts	<u>2,196,630</u>	<u>2,452,630</u>	<u>2,011,960</u>	<u>(440,670)</u>
<b>DISBURSEMENTS</b>				
Roads	1,504,100	2,211,884	1,896,716	315,168
Debt Service	168,525	168,525	168,525	
Capital Projects	475,000	66,805		66,805
Administration	455,350	411,761	374,427	37,334
Total Disbursements	<u>2,602,975</u>	<u>2,858,975</u>	<u>2,439,668</u>	<u>419,307</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(406,345)</u>	<u>(406,345)</u>	<u>(427,708)</u>	<u>(21,363)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			168,525	168,525
Transfers To Other Funds			<u>(1,530)</u>	<u>(1,530)</u>
Total Other Adjustments to Cash (Uses)			<u>166,995</u>	<u>166,995</u>
Net Change in Fund Balance	(406,345)	(406,345)	(260,713)	145,632
Fund Balance - Beginning	<u>406,345</u>	<u>406,345</u>	<u>604,567</u>	<u>198,222</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 343,854</u>	<u>\$ 343,854</u>



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

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 96,800	\$ 97,300	\$ 91,971	\$ (5,329)
Charges for Services	13,000	16,600	22,894	6,294
Miscellaneous	400	400	76	(324)
Interest	400	800	1,108	308
Total Receipts	110,600	115,100	116,049	949
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	906,500	928,356	684,355	244,001
Administration	190,550	174,194	165,535	8,659
Total Disbursements	1,097,050	1,102,550	849,890	252,660
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(986,450)	(987,450)	(733,841)	253,609
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	443,825	443,825	251,530	(192,295)
Total Other Adjustments to Cash (Uses)	443,825	443,825	251,530	(192,295)
Net Change in Fund Balance	(542,625)	(543,625)	(482,311)	61,314
Fund Balance - Beginning	542,625	543,625	543,849	224
Fund Balance - Ending	\$ 0	\$ 0	\$ 61,538	\$ 61,538

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

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 15,000	\$ 15,000	\$ 13,634	\$ (1,366)
Intergovernmental	13,545,766	14,783,775	13,497,855	(1,285,920)
Charges for Services	190,000	234,900	364,547	129,647
Miscellaneous	109,700	192,700	209,051	16,351
Interest	4,200	4,400	24,617	20,217
Total Receipts	13,864,666	15,230,775	14,109,704	(1,121,071)
<b>DISBURSEMENTS</b>				
General Government	1,016,359	1,080,168	655,737	424,431
Protection to Persons and Property	2,500,561	2,792,764	2,006,843	785,921
General Health and Sanitation	705,518	779,800	609,773	170,027
Social Services	800,599	789,285	736,329	52,956
Recreation and Culture	4,230,895	4,994,824	3,872,872	1,121,952
Roads	520,000	520,000	502,260	17,740
Bus Services	90,000	132,853	132,853	
Other Transportation Facilities and Services	400,000	722,914	722,914	
Capital Projects	3,611,060	3,608,707	3,359,209	249,498
Administration	357,515	352,525	284,800	67,725
Total Disbursements	14,232,507	15,773,840	12,883,590	2,890,250
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(367,841)	(543,065)	1,226,114	1,769,179
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	400,000	400,000	400,000	
Transfers From Other Funds			708,650	708,650
Transfers To Other Funds	(443,825)	(443,825)	(1,011,333)	(567,508)
Total Other Adjustments to Cash (Uses)	(43,825)	(43,825)	97,317	141,142
Net Change in Fund Balance	(411,666)	(586,890)	1,323,431	1,910,321
Fund Balance - Beginning	411,666	586,890	1,630,148	1,043,258
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,953,579	\$ 2,953,579

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

<b>FEDERAL GRANT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 736,000	\$ 736,000	\$ 262,647	\$ (473,353)
Total Receipts	736,000	736,000	262,647	(473,353)
<b>DISBURSEMENTS</b>				
General Government	776,000	773,127	231,182	541,945
Administration	10,000	12,873	9,480	3,393
Total Disbursements	786,000	786,000	240,662	545,338
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(50,000)	(50,000)	21,985	71,985
Net Change in Fund Balance	(50,000)	(50,000)	21,985	71,985
Fund Balance - Beginning	50,000	50,000	50,001	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 71,986	\$ 71,986

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

<b>COUNTY BOND SINKING FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 404,476	\$ 404,476	\$ 600,846	\$ 196,370
Interest		5	351	346
Total Receipts	404,476	404,481	601,197	196,716
<b>DISBURSEMENTS</b>				
Debt Service	404,476	404,481	231,672	172,809
Total Disbursements	404,476	404,481	231,672	172,809
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			369,525	369,525
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds				
Transfers From Other Funds			261,333	261,333
Transfers To Other Funds			(377,175)	(377,175)
Total Other Adjustments to Cash (Uses)			(115,842)	(115,842)
Net Change in Fund Balance			253,683	253,683
Fund Balance - Beginning			1,411	1,411
Fund Balance - Ending	\$ 0	\$ 0	\$ 255,094	\$ 255,094

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

**COUNTY CLERK PERMANENT RECORD STORAGE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 18,970	\$ (11,030)
Interest			265	265
Total Receipts	30,000	30,000	19,235	(10,765)
<b>DISBURSEMENTS</b>				
General Government	60,000	60,000	370	59,630
Total Disbursements	60,000	60,000	370	59,630
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(30,000)	(30,000)	18,865	48,865
Net Change in Fund Balance	(30,000)	(30,000)	18,865	48,865
Fund Balance - Beginning	30,000	30,000	10,064	(19,936)
Fund Balance - Ending	\$ 0	\$ 0	\$ 28,929	\$ 28,929

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

<b>OPIOID SETTLEMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 147,694	\$ 147,694
Interest			2,157	2,157
Total Receipts			149,851	149,851
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	112,000	112,000		112,000
Total Disbursements	112,000	112,000		112,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(112,000)	(112,000)	149,851	261,851
Net Change in Fund Balance	(112,000)	(112,000)	149,851	261,851
Fund Balance - Beginning	112,000	112,000	112,150	150
Fund Balance - Ending	\$ 0	\$ 0	\$ 262,001	\$ 262,001

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

**June 30, 2024**

**Note 1. Budgetary Information**

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

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

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

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**UNION COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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**UNION COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Commerce</u></b>				
<i><b>Direct Program:</b></i>				
<i>Economic Development Cluster:</i>				
Economic Adjustment Assistance	11.307		\$	\$ 3,000,000
Economic Development Cluster Total				3,000,000
<b>Total U.S. Department of Commerce</b>			\$	\$ 3,000,000
<b><u>U. S. Department of Treasury</u></b>				
<i><b>Direct Program:</b></i>				
Local Assistance and Tribal Consistency Fund	21.032		\$	\$ 28,014
<b>Total U.S. Department of Treasury</b>			\$	\$ 28,014
<b><u>U. S. Department of Justice</u></b>				
<i><b>Direct Program:</b></i>				
Public Safety Partnership and Community Policing Grants	16.710		\$	\$ 38,215
<b>Total U.S. Department of Justice</b>			\$	\$ 38,215
<b><u>U. S. Department of Housing and Urban Development</u></b>				
<i><b>Passed-Through Kentucky Department for Local Government:</b></i>				
Community Development Block Grants/State's Program	14.228	2200003383	\$	\$ 174,432
<b>Total U.S. Department of Housing and Urban Development</b>			\$	\$ 174,432
<b><u>U. S. Department of Homeland Security</u></b>				
<i><b>Passed-Through Kentucky Department of Emergency Management:</b></i>				
Emergency Management Performance Grants	97.042	2500000932	\$	\$ 55,489
<b>Total U.S. Department of Homeland Security</b>			\$	\$ 55,489
Total Expenditures of Federal Awards			\$ 0	\$ 3,296,150

The accompanying notes are an integral part of this schedule.

**UNION COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2024**

**Note 1. Basis of Presentation**

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

Union 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.

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

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

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land, Building & Improvements	\$ 8,058,753	\$ 408,150	\$	\$ 8,466,903
Vehicles	3,338,353	1,207,897	158,463	4,387,787
Machinery & Equipment	4,879,730	1,342,619	61,000	6,161,349
Infrastructure	47,834,152	2,250		47,836,402
 Total Capital Assets	 \$ 64,110,988	 \$ 2,960,916	 \$ 219,463	 \$ 66,852,441

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

**June 30, 2024**

**Note 1. Capital Assets**

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

	Capitalization Threshold	Useful Life (Years)
Buildings and Building Improvements	\$ 20,000	50
Construction In Progress	\$ 20,000	50
Other Equipment	\$ 20,000	15
Vehicles	\$ 20,000	5
Infrastructure	\$ 20,000	12-50

**Note 2. Restatement of Beginning Balance**

The beginning balances of Vehicles and Machinery & Equipment have been restated by \$16,355 and \$7,475, respectively, for omitted items.



**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 Adam O'Nan, Union County Judge/Executive  
Members of the Union 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 Union County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Union County Fiscal Court's financial statement and have issued our report thereon dated July 29, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, and 2024-004 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 Union County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, and 2024-004.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Union 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

July 29, 2025

**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 Adam O'Nan, Union County Judge/Executive  
Members of the Union County Fiscal Court

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the Union 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 Union County Fiscal Court's major federal programs for the year ended June 30, 2024. The Union 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 Union County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

*Basis for Opinion on Each Major Federal Program*

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

We are required to be independent of the Union 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 Union 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 Union 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 Union 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 Union 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 Union 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 Union 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 Union 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**

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. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses.



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

**Report on Internal Control over Compliance (Continued)**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-005 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

Government Auditing Standards require the auditor to perform limited procedures on Union County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Union County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

July 29, 2025

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

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

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

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

**Section I: Summary of Auditor's Results**

***Financial Statement***

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

Internal control over financial reporting:		
• Are any material weaknesses identified?	<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 checked="" type="checkbox"/> Yes	<input 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u> 11.307	<u>Name of Federal Program or Cluster</u> Economic Development Cluster
--	---

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

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

**Section II: Financial Statement Findings**

**2024-001    The Union County Fiscal Court Is Not Compliant With Continuing Disclosure Requirements**

---

This is a repeat finding and was included in the prior year audit report as finding 2023-002. The Union County Fiscal Court's June 30, 2024 audited financial statements were not reported to the Municipal Securities Rulemaking Board (MSRB) on the February 25, 2025 deadline as required by Continuing Disclosure Requirements (CDR). The county's fiscal year 2024 audit had not been completed as of the fall of 2024.

Per the county treasurer, due to construction and other unforeseen events within the county courthouse, the county delayed the start of the fiscal year end June 30, 2024 audit. In the fall of 2024, the Auditor of Public Accounts rescinded prior audit approval of the original private sector auditor and started the 2024 audit in February 2025. Additionally, there were no internal controls or oversight to see that the county's CDR was being met.

Due to the fiscal year end 2024 audited financial statement not being completed timely and provided to MSRB within the time frame stated in the official statement, a reduction of the county's bond rating could occur, causing the county's debt to be more costly to taxpayers. Additionally, this incomplete disclosure to the marketplace could harm potential investors. A bond rating organization has been in contact with the county about its untimely submission of audited financial statements.

Since July 1, 2009, MSRB has been designated by the Securities and Exchange Commission (SEC) as the recipient of continuing disclosures submitted by the issuers of and other obligated persons with respect to municipal securities under continuing disclosure agreements entered pursuant under Section (b)(5) of SEC Rule 15c2-12.

Per the continuing disclosure agreement contained within the \$1,995,000 Union County, Kentucky General Obligation Improvement Bonds (Road Project) Series 2013, "the county hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements to the MSRB within 210 days of the completion of the County's fiscal year or at such time as the audited financial statements become available."

Additionally, it is the county's responsibility to enact internal controls over the MSRB submission to ensure that the CDRs are met.

We recommend the Union County Fiscal Court comply with provisions set forth in the official statement of the general obligation bonds by ensuring audits of county financial information be performed timely. Additionally, the fiscal court should enact internal controls to monitor whether the county is meeting its CDRs.

*County Judge/Executive's Response: This is a rollover comment from FY 23. FY 22 and 23 audits have been turned into debt agencies as well as 4<sup>th</sup> Quarter 24 financials. As soon as FY 24 audit is released, it will be submitted.*

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

**Section II: Financial Statement Findings (Continued)**

**2024-002 The Union County Fiscal Court Had Inadequate Controls Over Disbursements**

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This is a repeat finding and was included in the prior year audit report as finding 2023-003. During fiscal year 2024, the Union County Fiscal Court failed to implement adequate internal controls over disbursements, causing the following noncompliances to occur:

- Supporting documentation was not maintained for nine purchases totaling \$373.
- Purchase orders were not properly utilized. Of the 37 invoices tested, 26 purchase orders totaling \$5,695,892 were dated after the invoices were received.
- Three invoices totaling \$940,777 were not paid within 30 working days of receipt of the invoice.
- The fiscal court failed to obtain three quotes prior to purchasing six vehicles for a total of \$253,513 using the Finance and Administration Cabinet's Master Agreements.

The fiscal court's failure to establish effective internal controls over disbursements resulted in the instances of noncompliance reflected above. These issues noted above could also result in line items being over budget, claims being paid not related to the fiscal court, inaccurate reporting, and misappropriation of assets.

KRS 46.010(1) states, "[t]he Department for Local Government shall prescribe and keep in operation a uniform system of accounting and reporting on the receipt, use and handling of all public funds, other than taxes, due and payable to the state from county, district, and other local officers and agencies." Under KRS 68.210, DLG requires local governments to follow guidelines set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual* (manual) to meet the minimum required reporting for financial statement purposes, which includes a purchase order system for all counties. Each county is responsible for ensuring their purchase order system is executed and working properly. The manual also requires quarterly reports to be submitted by each county to the State Local Finance Officer. On these quarterly reports, encumbrances must be included, defined as "the total dollar amount of unpaid purchase orders from the purchase order journal". According to a memorandum from DLG dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*". Furthermore, "DLG highly recommends that counties accept that practice of issuing POs for payroll and utility claims."

KRS 45A.050(3) requires the Finance and Administration Cabinet to include a provision in all state agency price contracts that "any political subdivision, including cities of all classes, counties, school districts, or special districts, may participate in these contracts to the same extent as the Commonwealth. Any political subdivision may purchase materials and supplies in accordance with a contract for supplies and materials entered into by the Finance and Administration Cabinet[.]" Per the "Extended Description" on page 1 of both Master Agreements number MA-758-2300000797 and MA-758-2300000802, "[i]t will be the responsibility of the agencies utilizing this Master Agreement to obtain quotes from a minimum of three (3) awarded dealers."

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

Furthermore, the Union County Administrative Code section 4.6 (C.) states that "[e]ach claim shall be recorded by date, receipt and purchase order number and presented to fiscal court at its next meeting." Section 4.6 (D.) states that "[e]ach order of Fiscal Court approving a claim shall designate the budget fund and classification from which the claim will be paid and each warrant shall specify the budget fund and classification."

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

**Section II: Financial Statement Findings (Continued)**

**2024-002 The Union County Fiscal Court Had Inadequate Controls Over Disbursements (Continued)**

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The retention and review of adequate supporting documentation for all disbursements is a basic internal control necessary to ensure the accuracy and reliability of financial reports. All vendor invoices and receipts should be maintained including any additional supporting documentation and agreed to the corresponding purchase order and reports.

We make the following recommendations to the fiscal court:

- Internal control procedures regarding purchase orders should be strengthened by requiring purchase orders to be issued prior to purchases being made or services rendered in accordance with DLG requirements and KRS 68.210.
- Proper documentation should be maintained for all disbursements to properly support claims.
- All invoices should be paid within 30 working days of receipt, and all invoices should be stamped when received to support this.
- Internal controls should be implemented to ensure that all disbursements that are made in accordance with the Finance and Administration Cabinet's Master Agreements follow all guidelines outlined within.

*County Judge/Executive's Response: This is a rollover comment from FY 22 and 23 regarding expenditures in general. This was corrected after the first audit completion. Three years of audits were completed at the same time.*

**2024-003 The Union County Fiscal Court Did Not Properly Expend LGEA Funds**

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This is a repeat finding and was included in the prior year audit report as finding 2023-007. During fiscal year 2024, the Union County Fiscal Court expended \$418,795 in Local Government Economic Assistance (LGEA) monies in the expenditure category "Data Processing", with the corresponding account code "5057". This category was not a priority category as outlined in KRS 42.455 and was included in the list of non-allowable expenditure categories in the DLG manual. These expenditures were made to pay the IT manager's salary, as well as for various information technology equipment, materials, subscriptions, and supplies.

Even though the Union County Fiscal Court signed the certification of compliance required by KRS 42.460, the Union County Fiscal Court did not expend LGEA funds for the purpose intended as noted in this finding.

According to the county treasurer, she was unaware that these expenditures were non-allowable. As a result, the Union County Fiscal Court was not in compliance with KRS 42.455 and KRS 68.210, and LGEA funds that could have been expended on priority categories were made unavailable for use.

KRS 42.455(2) states, "[g]rants obtained under this program shall be used for priority expenditures. Thirty percent (30%) of all moneys in the fund shall be spent on the coal haul road system as described in subsection (8) of this section.



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

**Section II: Financial Statement Findings (Continued)**

**2024-003 The Union County Fiscal Court Did Not Properly Expend LGEA Funds (Continued)**

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The remaining seventy percent (70%) of the fund shall be spent on priority categories limited to the following, but in no event shall grants obtained under this program be used for expenses related to administration of government:

- a) Public safety, including law enforcement, fire protection, ambulance service, and other related services;
- b) Environmental protection, including sewage disposal, sanitation, solid waste, and other related programs;
- c) Public transportation, including mass transit systems, streets, and roads;
- d) Health;
- e) Recreation;
- f) Libraries and educational facilities;
- g) Social services for the poor, the elderly, and individuals with disabilities;
- h) Industrial and economic development;
- i) Vocational education;
- j) Workforce training; and
- k) Secondary wood industry development.”

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government’s *County Budget Preparation and State Local Finance Officer Policy Manual*, which states that “KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEA funds for the administration of government...[t]o simplify the distinction between allowable and non-allowable expenditures, the following account codes shall be used. These are statutory restrictions, and compliance is mandatory.” The subsequent list of “Non-Allowable Expenditure Categories” includes account code 5057 – Data Processing.

A proper review of LGEA disbursements is a basic internal control necessary to ensure the LGEA funds are spent for their intended purposes.

We recommend the Union County Fiscal Court review all LGEA fund expenditures prior to payment to ensure their compliance with both KRS 42.455 and KRS 68.210.

*County Judge/Executive’s Response: This is a rollover comment from FY 23 and the correction was made regarding the IT department for 4<sup>th</sup> Quarter FY 25. The Department for Local Government stated it was an oversight when approving the county’s budget that they approved a code that they deemed ineligible in their handbook.*

**2024-004 The Union County Fiscal Court Failed To Implement Adequate Controls Over The Collection Of Receipts**

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This is a repeat finding and was included in the prior year audit report as finding 2023-008. The Union County Fiscal Court has internal control deficiencies and noncompliances regarding the collections of receipts. The following findings were noted with Union County Fiscal Court’s collection of receipts:

- Receipts were not issued for all applicable transactions.
- Receipts collected at off-site locations were not deposited on a daily basis.
- Daily collections at the Union County Senior Citizens Center were not prepared on checkout sheets that can be traced to the county’s receipts ledger.
- Two occupational tax returns were not maintained.

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

**Section II: Financial Statement Findings (Continued)**

2024-004 The Union County Fiscal Court Failed To Implement Adequate Controls Over The Collection Of Receipts (Continued)

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The issues above are due to a lack of oversight of the receipt functions performed by the county treasurer and lack of documented required procedures.

Due to the lack of oversight and proper procedures over receipts, county funds were left vulnerable to misappropriation and loss. Additionally, the county was not in compliance with KRS 64.840 and KRS 68.210.

KRS 46.010(1) states, “[t]he Department for Local Government shall prescribe and keep in operation a uniform system of accounting and reporting on the receipt, use and handling of all public funds, other than taxes, due and payable to the state from county, district, and other local officers and agencies.” Under 68.210, DLG requires local governments to follow guidelines set forth in the *County Budget Preparation and State Local Finance Officer Policy Manual* to meet the minimum required reporting for financial statement purposes, which includes daily check out sheets and daily deposits made intact into a federally insured banking institution. Daily deposits are also a basic internal control necessary to ensure the accuracy and reliability of financial reports, as well as safeguarding the county’s assets and those given the responsibility of accounting for them.

KRS 64.840(1) and (2) states that “[a]ll county officials shall, upon the receipt of any fine, forfeiture, tax, or fee, prepare a receipt that meets the specifications of the state local finance officer, if the fine, forfeiture, tax, or fee is paid:

- (a) In cash;
- (b) By a party appearing in person to pay; or
- (c) By check, credit card, or debit card account received through the mail, if the party includes an addressed, postage-paid return envelope and a request for receipt.

One (1) copy of the receipt shall be given to the person paying the fine, forfeiture, tax, or fee and one (1) copy shall be retained by the official for his own records. One (1) copy of the receipt shall be retained by the official to be placed with the daily bank deposit[.]”

Also, KRS 68.210 states that “[t]he administration of the county uniform budget system shall be under the supervision of the state local finance officer who may inspect and shall supervise the administration of accounts and financial operations and shall prescribe. . . a system of uniform accounts for all counties and county officials[.]”

We recommend the Union County Fiscal Court prepare receipts in accordance with statutes, including occupational taxes and those collected at off-site locations, and deposit collections daily.

*County Judge/Executive’s Response: This is a rollover comment from FY 23, and all recommendations and corrections have been implemented.*

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

**Section III: Federal Award Findings And Questioned Costs**

2024-005    The Union County Fiscal Court Did Not Have Adequate Controls Over Disbursements Of Economic Adjustment Assistance (EDA) Funds

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*Federal Program: Assistance Listing Number #11.307 Economic Adjustment Assistance*

*Award Number and Year: 2024*

*Name of Federal Agency: US Department of Commerce*

*Compliance Requirements: Activities Allowed; Allowable Cost*

*Type of Finding: Material Weakness*

*Amount of Questioned Costs: None*

*Opinion Modification: None*

*COVID-19 Related: No*

The Union County Fiscal Court failed to implement internal controls over federal expenditures of Economic Adjustment Assistance Funds. During our testing, it was noted that purchase orders were not properly utilized. All five expenditures, totaling \$3,000,000 had purchase orders issued after the expense had already been incurred.

According to staff, purchase orders are issued by the department heads and are typically dated when the invoices are received.

A lack of controls over disbursements could result in inaccurate financial reporting, misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

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

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

Lastly, 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 retention and review of adequate supporting documentation for all disbursements, as well as an effective purchase order system, are basic internal controls necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over disbursements, is necessary to prevent misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

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

**Section III: Federal Award Findings And Questioned Costs**

2024-005    The Union County Fiscal Court Did Not Have Adequate Controls Over Disbursements Of Economic Adjustment Assistance (EDA) Funds (Continued)

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We recommend the Union County Fiscal Court strengthen internal controls over disbursements by ensuring proper documentation is maintained for all disbursements to properly support claims and ensuring purchase orders are issued prior to all purchases being made.

*County Judge/Executive's Response: This is a rollover comment from FY 22 and 23 regarding expenditures in general. If purchase orders are not issued on the day of purchase they were dated the date the invoices were received. This has been corrected to match the date of invoice.*

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

**UNION COUNTY FISCAL COURT**

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

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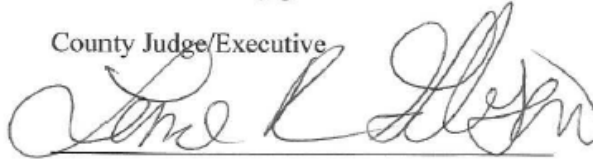
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
UNION COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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

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

County Judge/Executive

A handwritten signature in black ink, appearing to be "D. L. H.", written over a horizontal line.

County Treasurer