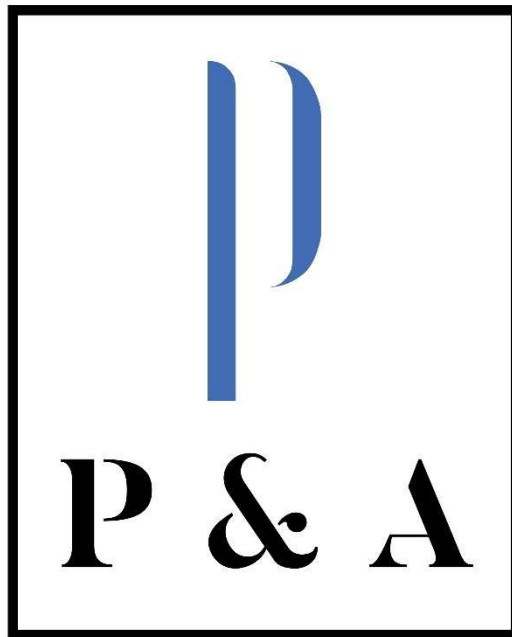


**REPORT OF THE AUDIT OF THE
SCOTT COUNTY
FISCAL COURT**

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



PATRICK & ASSOCIATES, LLC

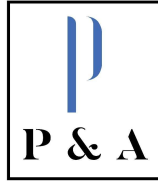
**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

INDEPENDENT AUDITOR'S REPORT

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Joseph P. Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

Opinions

We have audited the accompanying financial statement of the Scott County Fiscal Court, which comprise the Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis, for the year ended June 30, 2024, and the related notes to the financial statement.

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 Scott County Fiscal Court, for the year ended June 30, 2024, in accordance with the financial reporting provisions of the Kentucky Department for Local Government 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Scott County Fiscal Court as of June 30, 2024, or changes in net position or cash flow thereof for the year ended June 30, 2024, or the changes in net position or 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, 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 Scott 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 Joseph P. Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

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

As described in Note 1, the financial statement is prepared by the Scott County Fiscal Court on the basis of the financial reporting provisions of the Kentucky Department for Local Government, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the Kentucky Department for Local Government. 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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Kentucky Department for Local Government. 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.

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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Scott County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Scott 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Joseph P. Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

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 Scott County Fiscal Court. The accompanying Budgetary Comparison Schedules and 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 the financial reporting provisions of the by the Kentucky Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The 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 does 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2025, on our consideration of the Scott 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 the Scott County Fiscal Court's 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 Scott County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

Patrick & Associates, LLC
Patrick & Associates, LLC

August 7, 2025

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

Joseph P. Covington	County Judge/Executive
Rick Hostetler	Magistrate
Rob Jones	Magistrate
Chad Wallace	Magistrate
Kelly Corman	Magistrate
Dwayne Ellison	Magistrate
Ryan Pratt	Magistrate
David Livingston	Magistrate

Other Elected Officials:

Cameron Culbertson	County Attorney
Derran Broyles	Jailer
Rebecca M. Johnson	County Clerk
Tina Foster	Circuit Court Clerk
Tony Hampton	Sheriff
John Burke	Property Valuation Administrator
Mark Sutton	Coroner

Appointed Personnel:

Michele Ray	County Treasurer
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**SCOTT COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 32,593,409	\$	\$	\$
Licenses and Permits	867,251			
Intergovernmental	6,109,116	1,339,732	513,104	184,230
Charges for Services	1,659,903		98,375	
Miscellaneous	7,447,462	24,838	56,915	
Interest	1,097,315	511		676
Total Receipts	<u>49,774,456</u>	<u>1,365,081</u>	<u>668,394</u>	<u>184,906</u>
DISBURSEMENTS				
General Government	10,923,692			
Protection to Persons and Property	14,286,625		3,368,923	
General Health and Sanitation	1,155,544			
Social Services	888,112		63,455	
Recreation and Culture	1,714,154			
Roads		3,439,394		58,553
Airports	80,000			
Debt Service	95,881			
Capital Projects	415,731			
Administration	11,414,363	958,556	1,583,710	
Total Disbursements	<u>40,974,102</u>	<u>4,397,950</u>	<u>5,016,088</u>	<u>58,553</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>8,800,354</u>	<u>(3,032,869)</u>	<u>(4,347,694)</u>	<u>126,353</u>
Other Adjustments to Cash (Uses)				
Bond Proceeds				
Bond Reoffering Premium				
Financing Obligation Proceeds	500,000			
Underwriters Discount on Bonds				
Transfers From Other Funds	86,912	3,000,000	4,400,000	
Transfers To Other Funds	(9,562,039)			
Total Other Adjustments to Cash (Uses)	<u>(8,975,127)</u>	<u>3,000,000</u>	<u>4,400,000</u>	
Net Change in Fund Balance	(174,773)	(32,869)	52,306	126,353
Fund Balance - Beginning	27,143,862	94,632	124,519	379,483
Fund Balance - Ending	<u>\$ 26,969,089</u>	<u>\$ 61,763</u>	<u>\$ 176,825</u>	<u>\$ 505,836</u>
Composition of Fund Balance				
Bank Balance	\$ 11,394,436	\$ 81,556	\$ 255,067	\$ 505,836
Less: Outstanding Checks	(417,088)	(19,793)	(78,242)	
Investments	15,991,741			
Fund Balance - Ending	<u>\$ 26,969,089</u>	<u>\$ 61,763</u>	<u>\$ 176,825</u>	<u>\$ 505,836</u>

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

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

Budgeted Funds						
Federal Grants Fund	Federal Forfeiture Fund	ABC Fund	ARPA Fund	Opioid Settlement Fund	County Clerk Storage Fund	McCracken Fund
\$	\$	\$	\$	\$	\$	\$
		61,469				
	1,885				83,840	10
			1,147	502		382
	1,885	61,469	1,147	502	83,840	392
				56,264	6,540	
						5
				56,264	6,540	5
	1,885	61,469	1,147	(55,762)	77,300	387
	200		8,276	297,838	7,240	
		(10,227)	(1,019,497)	(46,785)		
	200	(10,227)	(1,011,221)	251,053	7,240	
	2,085	51,242	(1,010,074)	195,291	84,540	387
		42,673	1,010,122	292,704	68,446	92,788
\$ 0	\$ 2,085	\$ 93,915	\$ 48	\$ 487,995	\$ 152,986	\$ 93,175
\$	\$ 2,085	\$ 93,915	\$ 48	\$ 487,995	\$ 152,986	\$ 93,175
\$ 0	\$ 2,085	\$ 93,915	\$ 48	\$ 487,995	\$ 152,986	\$ 93,175

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

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

	<u>Budgeted Funds</u>	
	<u>Hospital Fund</u>	<u>Capital Improvements Fund</u>
RECEIPTS		
Taxes	\$	\$
Licenses and Permits		
Intergovernmental		
Charges for Services		
Miscellaneous		593,485
Interest	552	152
Total Receipts	<u>552</u>	<u>593,637</u>
DISBURSEMENTS		
General Government		
Protection to Persons and Property		
General Health and Sanitation		
Social Services		
Recreation and Culture		
Roads		
Airports		
Debt Service		259,401
Capital Projects		6,010,132
Administration		135
Total Disbursements		<u>6,269,668</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>552</u>	<u>(5,676,031)</u>
Other Adjustments to Cash (Uses)		
Bond Proceeds		
Bond Reoffering Premium		
Financing Obligation Proceeds		-
Underwriters Discount on Bonds		
Transfers From Other Funds		6,288,393
Transfers To Other Funds		(535,324)
Total Other Adjustments to Cash (Uses)		<u>5,753,069</u>
Net Change in Fund Balance	552	77,038
Fund Balance - Beginning	<u>388,448</u>	
Fund Balance - Ending	<u>\$ 389,000</u>	<u>\$ 77,038</u>
Composition of Fund Balance		
Bank Balance	\$ 389,000	\$ 247,290
Less: Outstanding Checks		(170,252)
Investments		
Fund Balance - Ending	<u>\$ 389,000</u>	<u>\$ 77,038</u>

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

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

<u>Unbudgeted Funds</u>				<u>Internal Service Fund</u>
<u>Jail Commissary Fund</u>	<u>Public Properties Corporation Fund</u>	<u>General Obligation Bond Fund</u>	<u>Total Funds</u>	<u>Self-Insurance Fund</u>
\$	\$	\$	\$ 32,593,409	\$
			928,720	
			8,146,182	
			1,758,278	
148,656			8,357,091	4,238,590
	89,692		1,190,929	
<u>148,656</u>	<u>89,692</u>		<u>52,974,609</u>	<u>4,238,590</u>
			10,986,496	
			17,655,548	
			1,155,544	
			951,572	
124,777			1,838,931	
			3,497,947	
			80,000	
	245,610	497,148	1,098,040	
	1,244,150		7,670,013	
	2,599		13,959,363	4,243,188
<u>124,777</u>	<u>1,492,359</u>	<u>497,148</u>	<u>58,893,454</u>	<u>4,243,188</u>
<u>23,879</u>	<u>(1,402,667)</u>	<u>(497,148)</u>	<u>(5,918,845)</u>	<u>(4,598)</u>
		9,705,000	9,705,000	
		558,361	558,361	
			500,000	
		(138,121)	(138,121)	
		497,148	14,586,007	
		<u>(3,412,135)</u>	<u>(14,586,007)</u>	
		<u>7,210,253</u>	<u>361,879</u>	
23,879	(1,402,667)	6,713,105	(5,556,966)	(4,598)
140,234	2,205,829		31,983,740	5,598
<u>\$ 164,113</u>	<u>\$ 803,162</u>	<u>\$ 6,713,105</u>	<u>\$ 36,690,135</u>	<u>\$ 1,000</u>
\$ 164,113	\$ 803,162	\$ 6,713,105	\$ 21,383,769	\$ 35,158
			(685,375)	(34,158)
			15,991,741	
<u>\$ 164,113</u>	<u>\$ 803,162</u>	<u>\$ 6,713,105</u>	<u>\$ 36,690,135</u>	<u>\$ 1,000</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**SCOTT COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

SCOTT 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 Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary source of receipts for this fund are grants received from the federal government.

Federal Forfeiture Fund - The primary purpose of this fund is to account for funds received from the federal government because of property seizures. Disbursements of the funds is restricted to law enforcement activities.

Alcohol Beverage Control (ABC) Fund - The purpose of this fund is to account for receipts related to the sale and maintenance of alcohol licenses within the county, and disbursements related to these activities.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are federal grants received under the American Rescue Plan Act.

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

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

McCracken Fund - The primary purpose of this fund is to pay for indigent care. The money in the fund is generated from a trust fund, in which only the interest can be spent, with one-third of the money going back into the trust fund.

Hospital Fund - The receipts for this fund are generated from certificates of deposit resulting from the sale of the old hospital. The interest earned from these CD’s is used for indigent care and pauper burials.

Capital Improvements Fund - The primary purpose of this fund is to account for the proceeds of debt instruments issued by the county. Disbursements from this fund are for County’s capital projects, primarily public buildings, and to service the debt incurred for those projects.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Unbudgeted Funds (Continued)

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

General Obligation Bond Fund - The primary purpose of this fund is to account for the proceeds and debt service of general obligations bonds that were issued to fund construction of public buildings.

Internal Service Fund

The fiscal court reports the following internal service fund:

Self-Insurance Fund - The primary purpose of this fund is to account for the contributions, claims and fees for the self-insured employee health insurance plan.

D. Budgetary Information

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

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1. The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the unbudgeted funds to be budgeted because the fiscal court does not approve the expenses of these funds.

E. County Elected Officials

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

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

F. Deposits and Investments

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

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

G. Long-term Obligations

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

H. Tax Abatements

GASB Statement No. 77 – The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition.

Note 2. Deposits and Investments

A. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government’s (DLG) *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.

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

Note 2. Deposits and Investments (Continued)

B. Investments

As of June 30, 2024, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Cash Equivalents	\$ 269,741	\$ 269,741	\$	\$	\$
U.S. Treasury Notes	5,000,000	5,000,000			
U.S. Treasury Bills	10,722,000	10,722,000			
Total Fund Balance	\$ 15,991,741	\$ 15,991,741	\$ 0	\$ 0	\$ 0

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has no certificates of deposit and \$15,991,741 of investments in securities held by the counterparties' trust departments in the fiscal court's name. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 3) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds.
- 4) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.

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

Note 2. Deposits and Investments (Continued)

Credit Risk (Continued)

- 5) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 6) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 7) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 8) Commercial paper rated in the highest category by a competent rating agency;
- 9) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - a. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - b. Have a standard maturity of no more than ten years; and
 Are rated in the three highest rating categories by at least two competent credit rating agencies.

As of June 30, 2024, the fiscal court does not have any investments in these categories.

	Standard & Poor's/Moody's Credit Ratings				Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR		
Cash Equivalents	\$	\$	\$	\$	\$ 269,741	\$ 269,741
U.S. Treasury Notes	5,000,000					5,000,000
U.S. Treasury Bills	10,722,000					10,722,000
Total Fund Balance	\$ 15,722,000	\$ 0	\$ 0	\$ 0	\$ 269,741	\$ 15,991,741

B. Investments

The fiscal court's rated investments, as of June 30, 2024, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

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

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

Note 2. Deposits and Investments (Continued)

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

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

Note 3. Transfers

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

	General Fund	ABC Fund	ARPA Fund	Opioid Settlement Fund	Capital Improvements Fund	General Obligation Bond Fund	Total Transfers In
General Fund	\$	\$ 10,227	\$	\$ 46,785	\$ 29,900	\$	\$ 86,912
Road Fund	3,000,000						3,000,000
Jail Fund	4,400,000						4,400,000
Federal Forfeiture Fund	200						200
ARPA Fund					8,276		8,276
Opioid Settlement Fund	297,838						297,838
County Clerk Storage Fund	7,240						7,240
Capital Improvements Fund	1,856,761		1,019,497			3,412,135	6,288,393
General Obligation Bond Fund					497,148		497,148
Total Transfers Out	\$ 9,562,039	\$ 10,227	\$ 1,019,497	\$ 46,785	\$ 535,324	\$ 3,412,135	\$ 14,586,007

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$20,354.

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

Note 5. Leases

A. Fiscal Court as Lessor:

1. Delaplain Fire Station Property Lease

In February 2022, the Scott County Fiscal Court began leasing property located near Delaplain Fire Station to Central Kentucky Growers. The lease is for a four-year term with a four-year extension and the Scott County Fiscal Court received annual payment of \$1 for FY 2024. There is an option to renew the lease if both parties agree. If Lessor takes action to terminate the lease early, Lessee is entitled to a pro rata reimbursement based on remaining number of months left on the lease. Lessee may terminate lease within one year but would not be entitled to a reimbursement. The Scott County Fiscal Court recognized \$1 in revenue during the current year. As of June 30, 2024, the Scott County Fiscal Court showed a \$2 receivable for this lease.

B. Fiscal Court as Lessee:

1. Commonwealth Attorney's Office

During the current fiscal year, the Scott County Fiscal Court entered into a 1-year lease agreement as lessee for an office at 130 N. Hamilton Street, Georgetown, Kentucky. An initial lease liability was recorded in the amount of \$6,000 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$0. The Scott County Fiscal Court is required to make monthly rental payments of \$500. This agreement renews annually.

2. Landmark Crossing LLC (On behalf of VA)

During the current fiscal year, the Scott County Fiscal Court entered into a 1-year lease agreement as lessee for property at 1135 Lexington Road, Suite G, Georgetown, Kentucky. An initial lease liability was recorded in the amount of \$18,000 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$1,500. The Scott County Fiscal Court is required to make monthly rental payments of \$1,500. This agreement renews annually.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Bond Anticipation Note – Series 2023

On May 18, 2023, the Scott County Public Properties Corporation issued \$5,500,000 in a bond anticipation note, Series 2023, for the purpose of paying for expenses incurred in the preliminary phases of the Judicial Center Project. The bond anticipation note requires semi-annual interest payments due on December 1 and June 1 starting on December 1, 2023, at an interest rate of 4.310%. In addition, the bond anticipation note requires one principal payment to be made on December 1, 2024. The bond anticipation note will mature on December 1, 2024 and is secured by a mortgage on the property. In the event of default, the interest rate will be accelerated to a rate of 8.310% until such time the event of default is cured by the Corporation. As of June 30, 2024, the outstanding principal balance on the Series 2023 bond anticipation note was \$5,500,000. Future principal and interest payments are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 5,500,000	\$ 118,525
Totals	\$ 5,500,000	\$ 118,525

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

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Sheriff's Vehicles Lease

On March 15, 2022, the Scott County Fiscal Court entered into a lease agreement with GM Financial, in the amount of \$611,550, to acquire ten Chevrolet Tahoe's for the Scott County Sheriff's office. The lease requires semi-annual payments through March 15, 2025 at an interest rate of 3.473%. In the event of default, the lease could be terminated and the property forfeited. As of June 30, 2024, the principal outstanding was \$210,908. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 210,908	\$ 5,509
Totals	<u>\$ 210,908</u>	<u>\$ 5,509</u>

3. EMS Vehicles Lease

On March 1, 2023, the Scott County Fiscal Court entered into a lease agreement with GM Financial, in the amount of \$115,507, to acquire two Chevrolet Tahoe's for the Scott County EMS Department. The lease requires semi-annual payments through March 1, 2026 at an interest rate of 6.48%. In the event of default, the lease could be terminated and the property forfeited. As of June 30, 2024, the principal outstanding was \$79,432. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 38,450	\$ 4,534
2026	40,982	2,002
Totals	<u>\$ 79,432</u>	<u>\$ 6,536</u>

4. KACO Vehicles Lease

On October 13, 2023 the Scott County Fiscal Court entered into a lease agreement with KACO in the amount of \$500,000, to acquire eight Tahoe's and one Silverado to be used for county government. The lease requires semi-annual payments through October 20, 2026 at an interest rate of 7.68%. As of June 30, 2024, the principal outstanding was \$425,582. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 161,028	\$ 30,079
2026	173,150	17,300
2027	91,404	3,561
Totals	<u>\$ 425,582</u>	<u>\$ 50,940</u>

5. EMS Building – General Obligation Bonds – Series 2023

On November 2, 2023 the Scott County Fiscal Court issued \$9,705,000 in general obligation bonds, series 2023, for the purpose of building an EMS building and a sheriff/clerk building. The general obligation bonds require annual principal payments due on April 1 starting April 1, 2024 and semi-annual interest payments due on April 1 and October 1 starting on April 1, 2024, with a fixed interest rate of 5%. As of June 30, 2024, the outstanding principal balance on the general obligation bonds, series 2023 was \$9,400,000. Future principal and interest payments are as follows:

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

Note 6. Long-term Debt (Continued)

5. EMS Building – General Obligation Bonds – Series 2023 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 660,000	\$ 449,000
2026	695,000	416,000
2027	730,000	381,250
2028	765,000	344,750
2029	805,000	306,500
2030-2034	4,675,000	886,750
2035	1,070,000	42,800
Totals	\$ 9,400,000	\$ 2,827,050

B. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 6,030,185	\$ 10,205,000	\$ 619,263	\$ 15,615,922	\$ 6,570,386
Total Long-term Debt	\$ 6,030,185	\$ 10,205,000	\$ 619,263	\$ 15,615,922	\$ 6,570,386

C. Aggregate Debt Schedule

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

Fiscal Year Ending June 30	Direct Borrowings and Direct Placements	
	Principal	Scheduled Interest
2025	\$ 6,570,386	\$ 607,647
2026	909,132	435,302
2027	821,404	384,811
2028	765,000	344,750
2029	805,000	306,500
2030-2034	4,675,000	886,750
2035	1,070,000	42,800
Totals	\$ 15,615,922	\$ 3,008,560

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

Note 7. 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 (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$5,438,316, FY 2023 was \$6,523,269, and FY 2024 was \$6,185,636.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent 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 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent 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 percent 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 percent.

Hazardous

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

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

Note 7. Employee Retirement System (Continued)

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent 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 percent 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 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars 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 ten dollars 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.

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

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn ten dollars 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 percent. 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 percent 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 fifteen dollars 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 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars 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 percent 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 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit. E. Cost of Living Adjustments - Tier 2 and Tier 3

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

F. Death Benefit

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

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.

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

Note 7. Employee Retirement System (Continued)

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report (Continued)

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 8. Deferred Compensation

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

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

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

Note 9. Self-Insured Health Insurance Account

Scott County Fiscal Court elected to begin a self-funded health insurance plan during the fiscal year ending June 30, 2020, to provide health insurance benefits to employees. The county has contracted with a third-party administrator to process the claims paid under the plan. Scott County Fiscal Court purchased a stop-loss insurance policy to cover losses from individual and aggregate claims once the county reached the individual and aggregate attachment points.

Incurred administrative fees and health insurance claims for the fiscal year ended June 30, 2024, were \$4,243,188. The health insurance account had a balance of \$1,000 as of June 30, 2024.

Note 10. Flexible Spending Account

Effective January 1, 2020, the fiscal court established a health flexible spending arrangement (FSA) and a dependent care assistance program (DCAP) under a Section 125 cafeteria plan. The fiscal court contracted with a third-party administrator to act as the contract administrator to furnish administrative services for the plan. The FSA allows employees to elect to contribute money from each paycheck per IRS guidelines, before payroll taxes are calculated, to help pay for eligible medical expenses for themselves and their dependents.

All FSA funds must be spent by the end of the plan year or they are lost. Any unused funds up to a maximum of \$500, can be carried over from one plan year to the next. Participants get an extra two and a half months after the end of the plan year to use any leftover funds. The DCAP allows employees to make pre-tax contributions to the DCAP account. After paying for care and filing a claim, the employee receives reimbursement from the DCAP. Annual contribution amounts are subject to IRS limits. The amount in the employee's DCAP account as of the end of any plan year shall be forfeited and credited to the benefit plan surplus. Participants of the DCAP have ninety days after the end of each plan year to submit claims for reimbursement.

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

Note 11. Insurance

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

Note 12. Conduit Debt

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

Note 13. Tax Abatement

The occupational license tax was abated under the authority of Kentucky Jobs Retention Act. Toyota Motor Manufacturing is eligible to receive this tax abatement due to this program providing incentives to eligible businesses which remain in the Commonwealth under KRS 154.25-010 to KRS 154.25-050. Scott County Fiscal Court agreed to forego the collection of one-half of the one percent of occupational license taxes that would otherwise be due to the County. Toyota Motor Manufacturing agreed to the following provisions: (1) creation of at least 570 new, full-time jobs for Kentucky residents over and above the current employment base of 6,169; (2) maintain the employment base and the newly created jobs for the full term of the agreement. For fiscal year ended June 30, 2024, Scott County Fiscal Court abated occupational license taxes totaling \$1,100,000.

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

For The Year Ended June 30, 2024

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SCOTT COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 22,800,000	\$ 22,800,000	\$ 32,593,409	\$ 9,793,409
Licenses and Permits	564,000	564,000	867,251	303,251
Intergovernmental	4,615,060	4,941,209	6,109,116	1,167,907
Charges for Services	1,175,000	1,175,000	1,659,903	484,903
Miscellaneous	4,287,000	4,490,378	7,447,462	2,957,084
Interest	65,000	65,000	1,097,315	1,032,315
Total Receipts	<u>33,506,060</u>	<u>34,035,587</u>	<u>49,774,456</u>	<u>15,738,869</u>
DISBURSEMENTS				
General Government	11,757,880	11,538,891	10,923,692	615,199
Protection to Persons and Property	13,967,049	14,682,709	14,286,625	396,084
General Health and Sanitation	1,205,530	1,256,362	1,155,544	100,818
Social Services	640,452	943,114	888,112	55,002
Recreation and Culture	1,748,635	1,748,635	1,714,154	34,481
Airports	80,000	80,000	80,000	
Debt Service	520,200	95,881	95,881	
Capital Projects	475,500	461,132	415,731	45,401
Administration	13,194,033	13,312,082	11,414,363	1,897,719
Total Disbursements	<u>43,589,279</u>	<u>44,118,806</u>	<u>40,974,102</u>	<u>3,144,704</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,083,219)</u>	<u>(10,083,219)</u>	<u>8,800,354</u>	<u>18,883,573</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			500,000	500,000
Transfers From Other Funds	292,843	292,843	86,912	(205,931)
Transfers To Other Funds	(17,450,427)	(17,450,427)	(9,562,039)	7,888,388
Total Other Adjustments to Cash (Uses)	<u>(17,157,584)</u>	<u>(17,157,584)</u>	<u>(8,975,127)</u>	<u>8,182,457</u>
Net Change in Fund Balance	(27,240,803)	(27,240,803)	(174,773)	27,066,030
Fund Balance - Beginning	27,240,803	27,240,803	27,143,862	(96,941)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,969,089</u>	<u>\$ 26,969,089</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,318,020	\$ 1,318,020	\$ 1,339,732	\$ 21,712
Miscellaneous	200,200	200,200	24,838	(175,362)
Interest	500	500	511	11
Total Receipts	<u>1,518,720</u>	<u>1,518,720</u>	<u>1,365,081</u>	<u>(153,639)</u>
DISBURSEMENTS				
Roads	3,550,719	3,718,169	3,439,394	278,775
Capital Projects	100,000	100,000		100,000
Administration	1,308,569	1,141,119	958,556	182,563
Total Disbursements	<u>4,959,288</u>	<u>4,959,288</u>	<u>4,397,950</u>	<u>561,338</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,440,568)</u>	<u>(3,440,568)</u>	<u>(3,032,869)</u>	<u>407,699</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,440,568	3,440,568	3,000,000	(440,568)
Total Other Adjustments to Cash (Uses)	<u>3,440,568</u>	<u>3,440,568</u>	<u>3,000,000</u>	<u>(440,568)</u>
Net Change in Fund Balance			(32,869)	(32,869)
Fund Balance - Beginning			<u>94,632</u>	<u>94,632</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,763</u>	<u>\$ 61,763</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 452,900	\$ 488,827	\$ 513,104	\$ 24,277
Charges for Services	73,000	73,000	98,375	25,375
Miscellaneous	80,100	80,100	56,915	(23,185)
Total Receipts	<u>606,000</u>	<u>641,927</u>	<u>668,394</u>	<u>26,467</u>
DISBURSEMENTS				
Protection to Persons and Property	3,141,564	3,431,249	3,368,923	62,326
Social Services	415,000	80,000	63,455	16,545
Administration	1,583,039	1,664,281	1,583,710	80,571
Total Disbursements	<u>5,139,603</u>	<u>5,175,530</u>	<u>5,016,088</u>	<u>159,442</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,533,603)</u>	<u>(4,533,603)</u>	<u>(4,347,694)</u>	<u>185,909</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	4,533,603	4,533,603	4,400,000	(133,603)
Total Other Adjustments to Cash (Uses)	<u>4,533,603</u>	<u>4,533,603</u>	<u>4,400,000</u>	<u>(133,603)</u>
Net Change in Fund Balance			52,306	52,306
Fund Balance - Beginning			124,519	124,519
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,825</u>	<u>\$ 176,825</u>

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

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 165,000	\$ 165,000	\$ 184,230	\$ 19,230
Interest	600	600	676	76
Total Receipts	<u>165,600</u>	<u>165,600</u>	<u>184,906</u>	<u>19,306</u>
DISBURSEMENTS				
Roads	200,000	200,000	58,553	141,447
Total Disbursements	<u>200,000</u>	<u>200,000</u>	<u>58,553</u>	<u>141,447</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(34,400)</u>	<u>(34,400)</u>	<u>126,353</u>	<u>160,753</u>
Net Change in Fund Balance	(34,400)	(34,400)	126,353	160,753
Fund Balance - Beginning	<u>34,400</u>	<u>34,400</u>	<u>379,483</u>	<u>345,083</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 505,836</u>	<u>\$ 505,836</u>

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	750,000	\$	(750,000)
Total Receipts		750,000		(750,000)
DISBURSEMENTS				
Social Services		750,000		750,000
Total Disbursements		750,000		750,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$	0
	\$	0	\$	0

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

	FEDERAL FORFEITURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 13,850	\$ 13,850	\$ 1,885	\$ (11,965)
Total Receipts	<u>13,850</u>	<u>13,850</u>	<u>1,885</u>	<u>(11,965)</u>
DISBURSEMENTS				
General Government	13,350	13,350		13,350
Administration	500	500		500
Total Disbursements	<u>13,850</u>	<u>13,850</u>		<u>13,850</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>1,885</u>	<u>1,885</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			<u>200</u>	<u>200</u>
Total Other Adjustments to Cash (Uses)			<u>200</u>	<u>200</u>
Net Change in Fund Balance			2,085	2,085
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,085</u>	<u>\$ 2,085</u>

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

	ABC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 13,050	\$ 13,050	\$ 61,469	\$ 48,419
Miscellaneous	200	200		(200)
Total Receipts	<u>13,250</u>	<u>13,250</u>	<u>61,469</u>	<u>48,219</u>
DISBURSEMENTS				
General Government	13,250	13,250		13,250
Total Disbursements	<u>13,250</u>	<u>13,250</u>		<u>13,250</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>61,469</u>	<u>61,469</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(10,227)	(10,227)
Total Other Adjustments to Cash (Uses)			<u>(10,227)</u>	<u>(10,227)</u>
Net Change in Fund Balance			51,242	51,242
Fund Balance - Beginning			<u>42,673</u>	<u>42,673</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,915</u>	<u>\$ 93,915</u>

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

	ARPA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 1,147	\$ 1,147
Total Receipts			1,147	1,147
DISBURSEMENTS				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,147	1,147
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			8,276	8,276
Transfers To Other Funds	(1,009,744)	(1,009,744)	(1,019,497)	(9,753)
Total Other Adjustments to Cash (Uses)	(1,009,744)	(1,009,744)	(1,011,221)	(1,477)
Net Change in Fund Balance	(1,009,744)	(1,009,744)	(1,010,074)	(330)
Fund Balance - Beginning	1,009,744	1,009,744	1,010,122	378
Fund Balance - Ending	\$ 0	\$ 0	\$ 48	\$ 48

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

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 199,700	\$ 199,700	\$	\$ (199,700)
Interest	300	300	502	202
Total Receipts	<u>200,000</u>	<u>200,000</u>	<u>502</u>	<u>(199,498)</u>
DISBURSEMENTS				
General Government		60,000	56,264	3,736
Administration	200,000	140,000		140,000
Total Disbursements	<u>200,000</u>	<u>200,000</u>	<u>56,264</u>	<u>143,736</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(55,762)</u>	<u>(55,762)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			297,838	297,838
Transfers To Other Funds	(292,843)	(292,843)	(46,785)	246,058
Total Other Adjustments to Cash (Uses)	<u>(292,843)</u>	<u>(292,843)</u>	<u>251,053</u>	<u>543,896</u>
Net Change in Fund Balance	(292,843)	(292,843)	195,291	488,134
Fund Balance - Beginning	292,843	292,843	292,704	(139)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 487,995</u>	<u>\$ 487,995</u>

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

COUNTY CLERK STORAGE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 90,000	\$ 90,000	\$ 83,840	\$ (6,160)
Total Receipts	<u>90,000</u>	<u>90,000</u>	<u>83,840</u>	<u>(6,160)</u>
DISBURSEMENTS				
General Government	90,000	90,000	6,540	83,460
Total Disbursements	<u>90,000</u>	<u>90,000</u>	<u>6,540</u>	<u>83,460</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>77,300</u>	<u>77,300</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			7,240	7,240
Total Other Adjustments to Cash (Uses)			<u>7,240</u>	<u>7,240</u>
Net Change in Fund Balance			84,540	84,540
Fund Balance - Beginning			<u>68,446</u>	<u>68,446</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 152,986</u>	<u>\$ 152,986</u>

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

	MCCRACKEN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 10	\$ 10
Interest	100	100	382	282
Total Receipts	100	100	392	292
DISBURSEMENTS				
Social Services	2,000	2,000	5	1,995
Total Disbursements	2,000	2,000	5	1,995
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,900)	(1,900)	387	2,287
Net Change in Fund Balance	(1,900)	(1,900)	387	2,287
Fund Balance - Beginning	1,900	1,900	92,788	90,888
Fund Balance - Ending	\$ 0	\$ 0	\$ 93,175	\$ 93,175

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

	HOSPITAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 2,000	\$ 2,000	\$ 552	\$ (1,448)
Total Receipts	<u>2,000</u>	<u>2,000</u>	<u>552</u>	<u>(1,448)</u>
DISBURSEMENTS				
Social Services	2,000	2,000		2,000
Total Disbursements	<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>552</u>	<u>552</u>
Net Change in Fund Balance			552	552
Fund Balance - Beginning			<u>388,448</u>	<u>388,448</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 389,000</u>	<u>\$ 389,000</u>

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

	CAPITAL IMPROVEMENTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 250,000	\$ 250,000	\$	\$ (250,000)
Miscellaneous	2,750,000	2,965,000	593,485	(2,371,515)
Interest	1,000	1,000	152	(848)
Total Receipts	3,001,000	3,216,000	593,637	(2,622,363)
DISBURSEMENTS				
Debt Service	1,007,000	1,007,000	259,401	747,599
Capital Projects	22,480,000	22,694,850	6,010,132	16,684,718
Administration		150	135	15
Total Disbursements	23,487,000	23,702,000	6,269,668	17,432,332
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(20,486,000)	(20,486,000)	(5,676,031)	14,809,969
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	10,000,000	10,000,000		(10,000,000)
Transfers From Other Funds	10,486,000	10,486,000	6,288,393	(4,197,607)
Transfers To Other Funds			(535,324)	(535,324)
Total Other Adjustments to Cash (Uses)	20,486,000	20,486,000	5,753,069	(14,732,931)
Net Change in Fund Balance			77,038	77,038
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 77,038	\$ 77,038

SCOTT 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.

**SCOTT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

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**SCOTT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
COVID-19 - State and Local Fiscal Recovery Funds	21.027	N/A	\$	\$ 1,011,220
Total U.S. Department of Treasury				1,011,220
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through State Department of Emergency Management</i>				
Emergency Management Performance Grants	97.042	Unknown		41,757
<i>Direct Program</i>				
Assistance to Firefighters Grant Program	97.044	N/A		178,195
Total U.S. Department of Homeland Security				219,952
<u>U. S. Department of Transportation</u>				
<i>Passed-Through Kentucky Office of Highway Safety</i>				
National Priority Safety Programs	20.616	Unknown		12,958
<i>Passed-Through Kentucky Transportation Cabinet</i>				
Transportation Alternative Program (TAP)	20.205	Unknown		183,900
Total U.S. Department of Transportation				196,858
<u>U. S. Department of Justice</u>				
<i>Passed-Through Kentucky Department of Justice and Public Safety</i>				
Edward Bryne Memorial Justice Assistance Grant (JAG)	16.738	Unknown		55,600
<i>Passed-Through Kentucky Department of Justice and Public Safety</i>				
Transportation Alternative Program (TAP)	16.588	Unknown		45,935
Total U.S. Department of Transportation				101,535
Total Expenditures of Federal Awards			\$ 0	\$ 1,529,565

The accompanying notes are an integral part of this schedule

SCOTT 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 Scott 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 Scott County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Scott County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of 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

Scott County has not adopted an indirect cost rate.

Note 4. Subrecipients

Scott County Fiscal Court had no federal grant subrecipients during the fiscal year.

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 17,294,275	\$	\$ 13,817	\$ 17,280,458
Buildings	35,059,490	680,000		35,739,490
Vehicles	5,153,099	952,024	399,251	5,705,872
Equipment	15,441,036	1,104,318	297,723	16,247,631
Infrastructure	42,065,764	6,972,024		49,037,788
Total Capital Assets	<u>\$ 115,013,664</u>	<u>\$ 9,708,366</u>	<u>\$ 710,791</u>	<u>\$ 124,011,239</u>

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

June 30, 2024

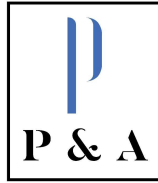
Note 1. Capital Assets

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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Equipment	\$ 5,000	3-12
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 5,000	20-40

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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 Joseph P. Covington, Scott County Judge/Executive
Members of the Scott 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 Scott County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Scott County Fiscal Court's financial statement and have issued our report thereon dated August 7, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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 and significant deficiencies.

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 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 Scott 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

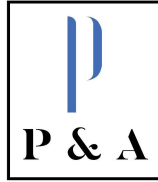
Respectfully submitted,

Patrick & Associates, LLC
Patrick & Associates, LLC

August 7, 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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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

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 Joseph P. Covington, Scott County Judge/Executive
Members of the Scott County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Scott County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Scott County Fiscal Court's major federal programs for the year ended June 30, 2024. Scott 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, Scott 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 Scott 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 Scott County Fiscal Court's compliance with the compliance requirements referred to above.

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 Scott County Fiscal Court's federal programs.

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

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 Scott 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 Scott 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 Scott 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 Scott 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 Scott County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

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

Respectfully submitted,

Patrick & Associates, LLC

Patrick & Associates, LLC

August 7, 2025

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

For The Year Ended June 30, 2024

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**SCOTT 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 type="checkbox"/> Yes	<input checked="" 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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

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

SCOTT COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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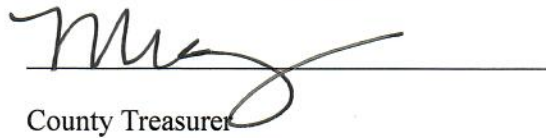
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
SCOTT COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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



County Judge/Executive



County Treasurer