

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

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



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

Independent Auditor's Report

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

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

***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Knox County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Knox County Fiscal Court's financial statement as listed in the table of contents.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Knox County Fiscal Court, for the year ended June 30, 2024, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Knox 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  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Knox County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Knox County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Knox County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Matters**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Knox County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky  
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The Honorable Mike Mitchell, Knox County Judge/Executive  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Knox County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The Knox County Fiscal Court Did Not Provide The Same Level Of Health Insurance Benefits To All County Employees
- 2024-002 The Knox County Fiscal Court Did Not Properly Bid All Purchases Over \$40,000
- 2024-003 The Knox County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts And Disbursements

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

November 19, 2024



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

**Fiscal Court Members:**

Michael N. Mitchell	County Judge/Executive
Roger C. Mills	Magistrate
Keith Abner	Magistrate
Tony R. Golden	Magistrate
Jeff Ketcham	Magistrate
Sam Miller	Magistrate

**Other Elected Officials:**

Gilbert Holland	County Attorney
Mary Hammons	Jailer
Mike Corey	County Clerk
Greg Helton	Circuit Court Clerk
Mike Smith	Sheriff
Bob Blevins	Property Valuation Administrator
Mike Blevins	Coroner

**Appointed Personnel:**

John Tye	County Treasurer
Steve Warren	Deputy Judge Executive
Wayne Willis	Assistant Occupational License Fee Administrator and Enforcement Officer
Molly Vanover	Finance Officer

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

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

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

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

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 1,955,021	\$	\$	\$
Excess Fees	417,972			
Licenses and Permits	127,733			
Intergovernmental	365,857	4,465,082	3,308,614	374,479
Charges for Services			79,836	
Miscellaneous	1,095,759	60,456	197,967	
Interest	216,528	32,694	28,325	25,633
Total Receipts	<u>4,178,870</u>	<u>4,558,232</u>	<u>3,614,742</u>	<u>400,112</u>
<b>DISBURSEMENTS</b>				
General Government	2,002,297			
Protection to Persons and Property	21,725		3,509,990	
General Health and Sanitation	335,423			
Social Services	13,216			
Recreation and Culture	3,421,354			
Roads		2,464,126		470,581
Debt Service			992,944	
Administration	2,920,287	503,676	805,176	
Total Disbursements	<u>8,714,302</u>	<u>2,967,802</u>	<u>5,308,110</u>	<u>470,581</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,535,432)</u>	<u>1,590,430</u>	<u>(1,693,368)</u>	<u>(70,469)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	6,549,542	1,350,000	1,473,551	
Transfers To Other Funds	<u>(3,687,384)</u>	<u>(2,983,364)</u>	<u>(857)</u>	
Total Other Adjustments to Cash (Uses)	<u>2,862,158</u>	<u>(1,633,364)</u>	<u>1,472,694</u>	
Net Change in Fund Balance	(1,673,274)	(42,934)	(220,674)	(70,469)
Fund Balance - Beginning (Restated)	<u>6,387,278</u>	<u>489,712</u>	<u>772,003</u>	<u>860,561</u>
Fund Balance - Ending	<u>\$ 4,714,004</u>	<u>\$ 446,778</u>	<u>\$ 551,329</u>	<u>\$ 790,092</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 4,994,378	\$ 548,188	\$ 674,710	\$ 809,592
Less: Outstanding Checks	<u>(280,374)</u>	<u>(101,410)</u>	<u>(123,381)</u>	<u>(19,500)</u>
Fund Balance - Ending	<u>\$ 4,714,004</u>	<u>\$ 446,778</u>	<u>\$ 551,329</u>	<u>\$ 790,092</u>

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

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

<b>Budgeted Funds</b>						
<b>Federal Grants Fund</b>	<b>Occupational License Tax Fund</b>	<b>Economic Assistance Fund</b>	<b>911 Fund</b>	<b>Hospital Sinking Fund</b>	<b>SEKRB Park Fund</b>	<b>American Rescue Plan Act Fund</b>
\$	\$ 3,662,946	\$	\$ 662,476	\$	\$ 389,767	\$
			110,000			50,000
	8,547	16,629	67,989	580,613		
	3,671,493	16,629	7,187		6,021	1,229
	822,199	872,860	847,652	580,613	395,788	51,229
			599,608		426,479	
				637,233		
			294,338		1	
	822,199	872,860	893,946	637,233	426,480	
	2,849,294	(856,231)	(46,294)	(56,620)	(30,692)	51,229
	240		7,988	56,620		
	(2,889,580)	(559,749)			(240)	(132,229)
	(2,889,340)	(559,749)	7,988	56,620	(240)	(132,229)
	(40,046)	(1,415,980)	(38,306)		(30,932)	(81,000)
295,183	52,917	1,415,980	205,728	186	314,567	81,000
\$ 295,183	\$ 12,871	\$ 0	\$ 167,422	\$ 186	\$ 283,635	\$ 0
\$ 295,183	\$ 52,176	\$	\$ 172,296	\$ 186	\$ 283,635	\$
	(39,305)		(4,874)			
\$ 295,183	\$ 12,871	\$ 0	\$ 167,422	\$ 186	\$ 283,635	\$ 0

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

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

	<b>Budgeted Funds</b>			<b>Unbudgeted</b>	<b>Total</b>
	<b>Clerk</b>	<b>Opioid</b>	<b>KayJay</b>	<b>Fund</b>	
	<b>Fund</b>	<b>Settlement</b>	<b>EWP Buyout</b>	<b>Jail</b>	<b>Funds</b>
		<b>Fund</b>	<b>Fund</b>	<b>Commissary</b>	
				<b>Fund</b>	
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 6,670,210
Excess Fees					417,972
Licenses and Permits					127,733
Intergovernmental					8,674,032
Charges for Services					79,836
Miscellaneous	32,450	382,806		1,051,036	3,469,076
Interest	85	15,051			357,929
Total Receipts	<u>32,535</u>	<u>397,857</u>		<u>1,051,036</u>	<u>19,796,788</u>
<b>DISBURSEMENTS</b>					
General Government			290,535		4,414,370
Protection to Persons and Property					4,131,323
General Health and Sanitation					335,423
Social Services					13,216
Recreation and Culture				1,045,114	4,466,468
Roads					2,934,707
Debt Service					1,630,177
Administration		130,000	1		4,653,479
Total Disbursements		<u>130,000</u>	<u>290,536</u>	<u>1,045,114</u>	<u>22,579,163</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>32,535</u>	<u>267,857</u>	<u>(290,536)</u>	<u>5,922</u>	<u>(2,782,375)</u>
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds			815,462		10,253,403
Transfers To Other Funds					(10,253,403)
Total Other Adjustments to Cash (Uses)			<u>815,462</u>		
Net Change in Fund Balance	32,535	267,857	524,926	5,922	(2,782,375)
Fund Balance - Beginning (Restated)	30,954	369,194		122,507	11,397,770
Fund Balance - Ending	<u>\$ 63,489</u>	<u>\$ 637,051</u>	<u>\$ 524,926</u>	<u>\$ 128,429</u>	<u>\$ 8,615,395</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 63,489	\$ 637,051	\$ 534,129	\$ 142,211	\$ 9,207,224
Less: Outstanding Checks			(9,203)	(13,782)	(591,829)
Fund Balance - Ending	<u>\$ 63,489</u>	<u>\$ 637,051</u>	<u>\$ 524,926</u>	<u>\$ 128,429</u>	<u>\$ 8,615,395</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2024**

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

**A. Reporting Entity**

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



**KNOX 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 activities related to federal grant programs. The primary source of receipts for this fund is federal grant monies.

Occupational License Tax Fund - The primary purpose of this fund is to account for occupational tax collections of the county.

Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements for economic development in Knox County. The primary source of receipts for this fund are grants from state government.

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

Hospital Sinking Fund - The primary source of this fund is to account for activities related to the debt activity on the general obligation refunding bonds, series 2005, non-refunded portion. The primary source of receipts for this fund is transfers from the general fund or payments from the Knox County Hospital.

South Kentucky Reginal Business Park (SEKRB) Fund - The primary purpose of this fund is to account for activities related to the funding of the business park. The primary source of receipts for this fund is local business owners.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for ARPA related activities. The primary source of receipts for this fund is a federal grant.

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

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

KayJay EWP Buyout Fund - The primary purpose of this fund is to account for activity related to Emergency Watershed Protection Program buyouts. The primary sources of receipts for this fund are monies received from U.S. Department of Agriculture's Natural Resources Conservation Service.

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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.

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

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

**D. Budgetary Information**

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

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

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

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

**E. Knox County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

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

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

**G. Long-term Obligations**

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

**H. Related Obligations and Joint Ventures**

A related organization are associated or affiliated with, have control over, or are controlled by, each other. However, a related organization can be an entity for which a primary government is not financially accountable, but the primary government is still accountable because it appoints a voting majority of the board. The Knox County Judge/Executive appoints board members on both the East Knox County Water District and Artemus Fire District. Based on these criteria, the following are considered related organizations of the Knox County Fiscal Court:

East Knox County Water District  
 Artemus Fire District

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

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

**Note 3. Transfers**

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

	General Fund	Road Fund	Jail Fund	Occupational License Tax Fund
General Fund	\$	\$ 2,967,127	\$ 857	\$ 2,889,580
Road Fund	1,350,000			
Jail Fund	1,473,551			
Occupational License Tax Fund				
Hospital Sinking Fund	56,620			
911 Fund	7,988			
KayJay EWP Buyout Fund	799,225	16,237		
Total Transfers Out	<u>\$ 3,687,384</u>	<u>\$ 2,983,364</u>	<u>\$ 857</u>	<u>\$ 2,889,580</u>

(Continued)

	Economic Assistance Fund	SEKRB Park Fund	ARPA Fund	Total Transfers In
General Fund	\$ 559,749	\$	\$ 132,229	\$ 6,549,542
Road Fund				1,350,000
Jail Fund				1,473,551
Occupational License Tax Fund		240		240
Hospital Sinking Fund				56,620
911 Fund				7,988
KayJay EWP Buyout Fund				815,462
Total Transfers Out	<u>\$ 559,749</u>	<u>\$ 240</u>	<u>\$ 132,229</u>	<u>\$ 10,253,403</u>

Reason for transfers:

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

**Note 4. Custodial Funds**

A. 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 \$23,243.

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

**Note 5. Leases**

**1. County as Lessor – Administrative Office Of The Courts (AOC)**

On April 26, 2023, the Knox County Fiscal Court entered into a lease agreement with Administrative Office of the Courts (AOC) for occupancy of office space in the Knox County Courthouse. The lease was for one fiscal year and Knox County would receive quarterly payments. Knox County recognized \$194,616 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the Knox County Fiscal Court's receivable for lease payments were \$0.

**2. County as Lessee – 2021 Loader Backhoes**

On August 27, 2020, the Knox County Fiscal Court entered into two 36-month lease agreements for two tractor loader backhoes with a purchase option at the end of both leases. A lease liability was recorded in the amounts of \$2,728 during the current fiscal year, which is the final monthly payment for the two tractor loader backhoes. The fiscal court used the purchase option to buy out the two backhoes on August 30, 2023, for a total payment of \$93,896. As of June 30, 2024, the value of the lease liability was \$0.

**3. County as Lessee – 2024 Tractor Loader Backhoe**

On May 31, 2024, the Knox County Fiscal Court entered into a 48-month lease agreement for a tractor loader backhoe with a purchase option at the end of the lease. A lease liability was recorded in the amount of \$5,833 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$134,155. The Knox County Fiscal Court is required to make monthly payment of \$2,916.

Fiscal Year Ended June 30	Amount
2025	\$ 34,997
2026	34,997
2027	34,997
2028	<u>29,164</u>
Total Minimum Lease Payments	<u>\$ 134,155</u>

**4. County as Lessee – 2024 Compact Excavator**

On May 31, 2024, the Knox County Fiscal Court entered into a 48-month lease agreement for a compact excavator with a purchase option at the end of the lease. A lease liability was recorded in the amount of \$3,509 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$80,700. The Knox County Fiscal Court is required to make monthly payment of \$1,754.

Fiscal Year Ended June 30	Amount
2025	\$ 21,052
2026	21,052
2027	21,052
2028	<u>17,544</u>
Total Minimum Lease Payments	<u>\$ 80,700</u>

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

**Note 5. Leases (Continued)**

**5. County as Lessee – 911 Tower Rental**

On January 1, 2007, Knox County entered into a renewable four-year lease for a 911 tower rental. A lease liability was recorded in the amount of \$7,028 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$17,570. The Knox County Fiscal Court is required to make monthly payment of \$586.

Fiscal Year Ended June 30	Amount
2025	\$ 7,028
2026	7,028
2027	<u>3,514</u>
Total Minimum Lease Payments	<u>\$ 17,570</u>

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. 2021 Tractor**

On June 3, 2021, the Knox County Fiscal Court entered into a promissory note with Forcht Bank in the amount of \$168,176 to reimburse the county for the purchase of a 2021 tractor. The Knox County Fiscal Court is required to pay \$3,024 per month for 60 months at an interest rate of 2.99% with final payment being due on June 3, 2026. The purchased items related to the promissory note serves as the collateral. The principal balance at June 30, 2024, was \$38,278. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 34,624	\$ 1,630
2026	<u>3,654</u>	<u>580</u>
Totals	<u>\$ 38,278</u>	<u>\$ 2,210</u>

**2. Grader and Truck**

On June 21, 2023, the Knox County Fiscal Court entered into a promissory note with Forcht Bank in the amount of \$200,373 to reimburse the county for the purchase of a grader and truck. The Knox County Fiscal Court is required to pay \$5,967 per month for 36 months at an interest rate of 4.50% with final payment being due on June 21, 2026. The purchased items related to the promissory note serves as the collateral. The principal balance at June 30, 2024, was \$136,512. Future principal and interest requirements are:

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

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

**2. Grader and Truck (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 66,751	\$ 4,851
2026	69,761	1,741
Totals	<u>\$ 136,512</u>	<u>\$ 6,592</u>

**3. Kentucky Association of Counties Finance Corporation General Obligation Lease, Series 2020C (Series 2005 Bond Refinancing)**

On August 20, 2020, the Knox County Fiscal Court signed a \$705,000 Kentucky Association of Counties Finance Corporation General Obligation Lease, Series 2020C (Series 2005 Bond Refinancing) agreement. This issuance refinanced the General Obligation Refunding Bonds, Series 2005 Non-Refunded Portion. The lease has interest rate of 1.72%. The final maturity of the lease is February 1, 2036. Total lease outstanding as of June 30, 2024, was \$560,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 35,000	\$ 13,119
2026	40,000	11,619
2027	45,000	9,919
2028	45,000	8,119
2029	45,000	6,995
2030-2034	250,000	24,953
2035-2036	100,000	3,098
Totals	<u>\$ 560,000</u>	<u>\$ 77,822</u>

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

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

**B. Other Debt**

**1. Hospital – General Obligation Public Project Bond, Series 2017**

On November 30, 2017, the Knox County Fiscal Court issued General Obligation Public Project Bonds, Series 2017, in the amount of \$5,000,000 at an interest rate of 2.60% with interest to be paid semi-annually on June 20 and December 20 and principal payments made every December 20, in order to refinance the General Obligation Bond Anticipation Refunding Note Taxable, Series 2016. The bonds have a maturity date of February 1, 2028. Total bonds outstanding as of June 30, 2024, were \$2,175,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 520,000	\$ 61,278
2026	535,000	45,995
2027	550,000	29,735
2028	570,000	11,611
Totals	<u>\$ 2,175,000</u>	<u>\$ 148,619</u>

**2. General Obligation Bonds, Detention Facility Project, Series 2017**

On November 16, 2017, the Knox County Fiscal Court issued General Obligation Bonds, Detention Facility Project, Series 2017, in the amount of \$16,800,000 at various interest rates from 3.5% to 5.0% with interest to be paid semi-annually on April 1 and October 1 and principal payments to be made every October 1, in order to finance the construction of the new jail. The bonds have a maturity date of October 1, 2047. Total bonds outstanding as of June 30, 2024, were \$15,315,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 355,000	\$ 635,569
2026	375,000	617,319
2027	395,000	598,069
2028	415,000	577,819
2029	435,000	556,569
2030-2034	2,540,000	2,423,718
2035-2039	3,220,000	1,746,706
2040-2044	3,890,000	1,072,693
2045-2048	3,690,000	280,590
Totals	<u>\$ 15,315,000</u>	<u>\$ 8,509,052</u>



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

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

**C. Aggregate Debt Schedule**

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 875,000	\$ 696,847	\$ 136,375	\$ 19,600
2026	910,000	663,314	113,415	13,940
2027	945,000	627,804	45,000	9,919
2028	985,000	589,430	45,000	8,119
2029	435,000	556,569	45,000	6,995
2030-2034	2,540,000	2,423,718	250,000	24,953
2035-2039	3,220,000	1,746,706	100,000	3,098
2040-2044	3,890,000	1,072,693		
2045-2048	3,690,000	280,590		
Totals	<u>\$ 17,490,000</u>	<u>\$ 8,657,671</u>	<u>\$ 734,790</u>	<u>\$ 86,624</u>

**D. 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	\$ 873,221	\$	\$ 138,430	\$ 734,791	\$ 136,375
Other Debt	18,335,000		845,000	17,490,000	875,000
Total Long-term Debt	<u>\$ 19,208,221</u>	<u>\$ 0</u>	<u>\$ 983,430</u>	<u>\$ 18,224,791</u>	<u>\$ 1,011,375</u>

**KNOX 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-member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$860,372, FY 2023 was \$801,977, and FY 2024 was \$803,498.

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

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Benefits are covered under KRS 78.5536.

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

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

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

**Note 8. Deferred Compensation**

The Knox 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.

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

**Note 9. Insurance**

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

**Note 10. Related Party Transactions**

During fiscal year 2024, the Knox County Fiscal Court paid a total of \$31,408 to a business which is owned and operated by one of the magistrate's family members. Because of the nature of the relationship between the vendor and the magistrate, this is considered to be a related party transaction.

During fiscal year 2024, the Knox County Fiscal Court paid two jail employees a total of \$68,625 to teach Moral Reconciliation Therapy (MRT) classes. Another jail employee was paid \$7,500 for labor performed outside the employee's normal work schedule.

**Note 11. Prior Period Adjustments**

Financial Statement beginning balances were restated as follows:

**General Fund**

Fund Balance - Beginning	\$ 6,386,414
Adjustment - Prior Year O/S Checks Voided	<u>864</u>
Fund Balance - Beginning (Restated)	<u><u>\$ 6,387,278</u></u>

**Occupational License Fund**

Fund Balance - Beginning	\$ 52,812
Adjustment - Prior Year O/S Checks Voided	<u>105</u>
Fund Balance - Beginning (Restated)	<u><u>\$ 52,917</u></u>

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 1,792,700	\$ 1,958,382	\$ 1,955,021	\$ (3,361)
Excess Fees	400,000	400,000	417,972	17,972
Licenses and Permits	135,000	135,000	127,733	(7,267)
Intergovernmental	309,600	318,734	365,857	47,123
Charges for Services	20,500	20,500		(20,500)
Miscellaneous	49,500	567,223	1,095,759	528,536
Interest	100,000	131,986	216,528	84,542
Total Receipts	<u>2,807,300</u>	<u>3,531,825</u>	<u>4,178,870</u>	<u>647,045</u>
<b>DISBURSEMENTS</b>				
General Government	1,774,200	2,164,700	2,002,297	162,403
Protection to Persons and Property	22,000	40,000	21,725	18,275
General Health and Sanitation	265,000	347,100	335,423	11,677
Social Services	44,000	44,000	13,216	30,784
Recreation and Culture	5,114,000	4,715,000	3,421,354	1,293,646
Debt Service	1,000	1,000		1,000
Capital Projects	10,000	10,000		10,000
Administration	2,924,078	3,071,804	2,920,287	151,517
Total Disbursements	<u>10,154,278</u>	<u>10,393,604</u>	<u>8,714,302</u>	<u>1,679,302</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(7,346,978)</u>	<u>(6,861,779)</u>	<u>(4,535,432)</u>	<u>2,326,347</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	2,730,000	2,730,000	6,549,542	3,819,542
Transfers To Other Funds	(2,983,022)	(2,983,022)	(3,687,384)	(704,362)
Total Other Adjustments to Cash (Uses)	<u>(253,022)</u>	<u>(253,022)</u>	<u>2,862,158</u>	<u>3,115,180</u>
Net Change in Fund Balance	(7,600,000)	(7,114,801)	(1,673,274)	5,441,527
Fund Balance - Beginning (Restated)	<u>7,600,000</u>	<u>7,600,000</u>	<u>6,387,278</u>	<u>(1,212,722)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 485,199</u>	<u>\$ 4,714,004</u>	<u>\$ 4,228,805</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,879,089	\$ 2,549,187	\$ 4,465,082	\$ 1,915,895
Miscellaneous	2,000	1,863,688	60,456	(1,803,232)
Interest	5,000	19,315	32,694	13,379
Total Receipts	<u>1,886,089</u>	<u>4,432,190</u>	<u>4,558,232</u>	<u>126,042</u>
<b>DISBURSEMENTS</b>				
Roads	2,503,000	2,854,500	2,464,126	390,374
Administration	790,340	2,880,940	503,676	2,377,264
Total Disbursements	<u>3,293,340</u>	<u>5,735,440</u>	<u>2,967,802</u>	<u>2,767,638</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,407,251)</u>	<u>(1,303,250)</u>	1,590,430	<u>2,893,680</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,307,251	1,307,251	1,350,000	42,749
Transfers To Other Funds			(2,983,364)	(2,983,364)
Total Other Adjustments to Cash (Uses)	<u>1,307,251</u>	<u>1,307,251</u>	<u>(1,633,364)</u>	<u>(2,940,615)</u>
Net Change in Fund Balance	(100,000)	4,001	(42,934)	(46,935)
Fund Balance - Beginning	<u>100,000</u>	<u>100,000</u>	<u>489,712</u>	<u>389,712</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 104,001</u>	<u>\$ 446,778</u>	<u>\$ 342,777</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,258,000	\$ 3,258,000	\$ 3,308,614	\$ 50,614
Charges for Services	76,000	76,000	79,836	3,836
Miscellaneous	43,000	132,305	197,967	65,662
Interest	3,000	16,500	28,325	11,825
Total Receipts	<u>3,380,000</u>	<u>3,482,805</u>	<u>3,614,742</u>	<u>131,937</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,150,700	3,594,200	3,509,990	84,210
Debt Service	995,000	995,000	992,944	2,056
Administration	1,026,000	863,305	805,176	58,129
Total Disbursements	<u>5,171,700</u>	<u>5,452,505</u>	<u>5,308,110</u>	<u>144,395</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,791,700)</u>	<u>(1,969,700)</u>	<u>(1,693,368)</u>	<u>276,332</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,291,700	1,291,700	1,473,551	181,851
Transfers To Other Funds			(857)	(857)
Total Other Adjustments to Cash (Uses)	<u>1,291,700</u>	<u>1,291,700</u>	<u>1,472,694</u>	<u>180,994</u>
Net Change in Fund Balance	(500,000)	(678,000)	(220,674)	457,326
Fund Balance - Beginning	<u>500,000</u>	<u>500,000</u>	<u>772,003</u>	<u>272,003</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (178,000)</u>	<u>\$ 551,329</u>	<u>\$ 729,329</u>

**KNOX 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		
<b>RECEIPTS</b>				
Intergovernmental	\$ 410,000	\$ 410,000	\$ 374,479	\$ (35,521)
Miscellaneous	1,000	1,000		(1,000)
Interest	5,000	14,356	25,633	11,277
Total Receipts	<u>416,000</u>	<u>425,356</u>	<u>400,112</u>	<u>(25,244)</u>
<b>DISBURSEMENTS</b>				
Roads	100,000	471,000	470,581	419
Capital Projects	110,000	110,000		110,000
Administration	1,090,000	649,356		649,356
Total Disbursements	<u>1,300,000</u>	<u>1,230,356</u>	<u>470,581</u>	<u>759,775</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(884,000)</u>	<u>(805,000)</u>	<u>(70,469)</u>	<u>734,531</u>
Net Change in Fund Balance	(884,000)	(805,000)	(70,469)	734,531
Fund Balance - Beginning	<u>884,000</u>	<u>884,000</u>	<u>860,561</u>	<u>(23,439)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 79,000</u>	<u>\$ 790,092</u>	<u>\$ 711,092</u>

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

	<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 27,000	\$ 27,000	\$	\$ (27,000)
Intergovernmental	100,000	100,000		(100,000)
Interest	1,200	1,200		(1,200)
Total Receipts	<u>128,200</u>	<u>128,200</u>		<u>(128,200)</u>
<b>DISBURSEMENTS</b>				
Transportation Facilities and Services	9,000	9,000		9,000
Administration	459,383	459,383		459,383
Total Disbursements	<u>468,383</u>	<u>468,383</u>		<u>468,383</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(340,183)</u>	<u>(340,183)</u>		<u>340,183</u>
Net Change in Fund Balance	(340,183)	(340,183)		340,183
Fund Balance - Beginning	340,183	340,183	295,183	(45,000)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 295,183</u>	<u>\$ 295,183</u>

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

	<b>OCCUPATIONAL LICENSE TAX FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,662,946	\$ 162,946
Interest	4,000	4,000	8,547	4,547
Total Receipts	<u>3,504,000</u>	<u>3,504,000</u>	<u>3,671,493</u>	<u>167,493</u>
<b>DISBURSEMENTS</b>				
General Government	779,000	858,000	822,199	35,801
Total Disbursements	<u>779,000</u>	<u>858,000</u>	<u>822,199</u>	<u>35,801</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,725,000</u>	<u>2,646,000</u>	<u>2,849,294</u>	<u>203,294</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			240	240
Transfers To Other Funds	(2,730,000)	(2,730,000)	(2,889,580)	(159,580)
Total Other Adjustments to Cash (Uses)	<u>(2,730,000)</u>	<u>(2,730,000)</u>	<u>(2,889,340)</u>	<u>(159,340)</u>
Net Change in Fund Balance	(5,000)	(84,000)	(40,046)	43,954
Fund Balance - Beginning (Restated)	<u>5,000</u>	<u>5,000</u>	<u>52,917</u>	<u>47,917</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (79,000)</u>	<u>\$ 12,871</u>	<u>\$ 91,871</u>

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

	<b>ECONOMIC ASSISTANCE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 10,000	\$ 10,000	\$ 16,629	\$ 6,629
Total Receipts	10,000	10,000	16,629	6,629
<b>DISBURSEMENTS</b>				
General Government	1,000,000	1,000,000	872,860	127,140
Administration	417,000	417,000		417,000
Total Disbursements	1,417,000	1,417,000	872,860	544,140
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,407,000)	(1,407,000)	(856,231)	550,769
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(559,749)	(559,749)
Total Other Adjustments to Cash (Uses)			(559,749)	(559,749)
Net Change in Fund Balance	(1,407,000)	(1,407,000)	(1,415,980)	(8,980)
Fund Balance - Beginning	1,407,000	1,407,000	1,415,980	8,980
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 660,000	\$ 660,000	\$ 662,476	\$ 2,476
Intergovernmental	110,000	110,000	110,000	
Miscellaneous	1,000	67,889	67,989	100
Interest	2,000	4,322	7,187	2,865
Total Receipts	<u>773,000</u>	<u>842,211</u>	<u>847,652</u>	<u>5,441</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	626,000	693,000	599,608	93,392
Administration	584,451	586,662	294,338	292,324
Total Disbursements	<u>1,210,451</u>	<u>1,279,662</u>	<u>893,946</u>	<u>385,716</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(437,451)</u>	<u>(437,451)</u>	<u>(46,294)</u>	<u>391,157</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	327,451	327,451	7,988	(319,463)
Total Other Adjustments to Cash (Uses)	<u>327,451</u>	<u>327,451</u>	<u>7,988</u>	<u>(319,463)</u>
Net Change in Fund Balance	(110,000)	(110,000)	(38,306)	71,694
Fund Balance - Beginning	<u>110,000</u>	<u>110,000</u>	<u>205,728</u>	<u>95,728</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 167,422</u>	<u>\$ 167,422</u>



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

	<b>HOSPITAL SINKING FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 579,275	\$ 579,275	\$ 580,613	\$ 1,338
Total Receipts	<u>579,275</u>	<u>579,275</u>	<u>580,613</u>	<u>1,338</u>
<b>DISBURSEMENTS</b>				
Debt Service	636,081	637,281	637,233	48
Total Disbursements	<u>636,081</u>	<u>637,281</u>	<u>637,233</u>	<u>48</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(56,806)</u>	<u>(58,006)</u>	<u>(56,620)</u>	<u>1,386</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	56,620	56,620	56,620	
Total Other Adjustments to Cash (Uses)	<u>56,620</u>	<u>56,620</u>	<u>56,620</u>	
Net Change in Fund Balance	(186)	(1,386)		1,386
Fund Balance - Beginning	<u>186</u>	<u>186</u>	<u>186</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,200)</u>	<u>\$ 186</u>	<u>\$ 1,386</u>

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

	<b>SEKRB PARK FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 370,000	\$ 370,000	\$ 389,767	\$ 19,767
Interest	4,000	4,000	6,021	2,021
Total Receipts	<u>374,000</u>	<u>374,000</u>	<u>395,788</u>	<u>21,788</u>
<b>DISBURSEMENTS</b>				
General Government	374,000	427,000	426,479	521
Administration	175,000	122,000	1	121,999
Total Disbursements	<u>549,000</u>	<u>549,000</u>	<u>426,480</u>	<u>122,520</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(30,692)</u>	<u>144,308</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(240)	(240)
Total Other Adjustments to Cash (Uses)			<u>(240)</u>	<u>(240)</u>
Net Change in Fund Balance	(175,000)	(175,000)	(30,932)	144,068
Fund Balance - Beginning	<u>175,000</u>	<u>175,000</u>	<u>314,567</u>	<u>139,567</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 283,635</u>	<u>\$ 283,635</u>

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

**AMERICAN RESCUE PLAN ACT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,000	\$
Interest	1,000	1,000	1,229	229
Total Receipts	<u>51,000</u>	<u>51,000</u>	<u>51,229</u>	<u>229</u>
<b>DISBURSEMENTS</b>				
Administration	51,000	51,000		51,000
Total Disbursements	<u>51,000</u>	<u>51,000</u>		<u>51,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>51,229</u>	<u>51,229</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(132,229)	(132,229)
Total Other Adjustments to Cash (Uses)			<u>(132,229)</u>	<u>(132,229)</u>
Net Change in Fund Balance			(81,000)	(81,000)
Fund Balance - Beginning			<u>81,000</u>	<u>81,000</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	<b>CLERK FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 32,450	\$ 2,450
Interest	1,000	1,000	85	(915)
Total Receipts	<u>31,000</u>	<u>31,000</u>	<u>32,535</u>	<u>1,535</u>
<b>DISBURSEMENTS</b>				
General Government	<u>57,000</u>	<u>57,000</u>		<u>57,000</u>
Total Disbursements	<u>57,000</u>	<u>57,000</u>		<u>57,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>32,535</u>	<u>58,535</u>
Net Change in Fund Balance	(26,000)	(26,000)	32,535	58,535
Fund Balance - Beginning	<u>26,000</u>	<u>26,000</u>	<u>30,954</u>	<u>4,954</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,489</u>	<u>\$ 63,489</u>

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

	<b>OPIOID SETTLEMENT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 60,000	\$ 60,000	\$ 382,806	\$ 322,806
Interest	10,000	10,000	15,051	5,051
Total Receipts	<u>70,000</u>	<u>70,000</u>	<u>397,857</u>	<u>327,857</u>
<b>DISBURSEMENTS</b>				
Administration	70,000	130,000	130,000	
Total Disbursements	<u>70,000</u>	<u>130,000</u>	<u>130,000</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(60,000)</u>	<u>267,857</u>	<u>327,857</u>
Net Change in Fund Balance		(60,000)	267,857	327,857
Fund Balance - Beginning			<u>369,194</u>	<u>369,194</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (60,000)</u>	<u>\$ 637,051</u>	<u>\$ 697,051</u>

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

	<b>KAYJAY EWP BUYOUT FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>DISBURSEMENTS</b>				
General Government	\$	\$ 291,000	\$ 290,535	\$ 465
Administration		59,000	1	58,999
Total Disbursements		350,000	290,536	59,464
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(350,000)	(290,536)	59,464
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			815,462	815,462
Total Other Adjustments to Cash (Uses)			815,462	815,462
Net Change in Fund Balance		(350,000)	524,926	874,926
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 524,926	\$ 874,926

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

**June 30, 2024**

**Note 1. Budgetary Information**

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

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

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

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

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

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**KNOX 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:

	(Restated *) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements*	\$ 2,511,145	\$	\$ 124,700	\$ 2,386,445
Buildings and Building Improvements	24,852,100			24,852,100
Office and Equipment	2,686,074	99,768	97,155	2,688,687
Vehicles	1,103,385	160,000	107,554	1,155,831
Infrastructure	21,797,369	756,018	461,777	22,091,610
 Total Capital Assets	 <u>\$ 52,950,073</u>	 <u>\$ 1,015,786</u>	 <u>\$ 791,186</u>	 <u>\$ 53,174,673</u>

**KNOX 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 and Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 15,000	10-75
Office and Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-12
Infrastructure	\$ 20,000	10-50

**Note 2. Prior Period Adjustments**

The beginning balances reported on the Schedule of Capital Assets for Land and Land Improvements have been restated. The county's records showed a beginning balance for Land and Land Improvements of \$2,511,145; however, the ending balance for the prior year audit for fiscal year June 30, 2023, was \$2,311,145. This was the result of the county not including the correct amount for Land on the prior year Capital Asset Schedule.

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

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

**Report on Internal Control Over Financial Reporting**

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

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

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



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

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Knox County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002.

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

November 19, 2024



**KNOX COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

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**KNOX COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

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

NONCOMPLIANCES MATERIAL TO THE FINANCIAL STATEMENT:

2024-001    The Knox County Fiscal Court Did Not Provide The Same Level Of Health Insurance Benefits To All County Employees

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This is a repeat finding and was included in the prior year audit report as finding 2023-001. The Knox County Fiscal Court employees are not receiving the same level of health insurance benefits. Elected officials are receiving family health insurance coverage paid for by the county at an annual cost of \$28,580 per official, while non-elected employees only receive single health insurance coverage paid for by the county at an annual cost of \$8,942. The discrepancy in annual expense between family health insurance coverage and single health insurance coverage is \$19,638 per year, per employee.

The Knox County Fiscal Court believes they can separate elected officials and county employees. According to the County Administrative Code, “[t]he County pays the premium for all individual health insurance policies offered by the county; except, however, the county will pay the premium for family health insurance plans for all elected county officials.”

Due to differing levels of health insurance coverage being provided to county employees’ discrimination exists, which can affect employee morale and the overall control environment. Additionally, county funds are being spent for the personal benefit of select employees that could have been expended on other items to benefit the entire county.

OAG 94-15 states, “The basic statute providing for governmentally funded health coverage (KRS 79.080) for public employees does not provide for one level of coverage for officers, and another level for employees. Accordingly, we believe such differing coverage would not be lawful as not authorized by statute.”

We recommend the Knox County Fiscal Court discuss the discrimination of health insurance coverage between elected and non-elected county employees with the Knox County Attorney and follow the advice as expressed in OAG 94-15.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: Elected officials are not classified as employees.*

Auditor’s Reply: OAG 94-15 holds that, regardless of whether elected officials are classified as employees, elected officials cannot be treated differently from employees with respect to health insurance coverage. In other words, while elected officials are not traditionally thought of as county “employees,” OAG 94-15 says that distinction does not matter when providing health care to elected officials and employees—both must receive the same type of coverage.

2024-002    The Knox County Fiscal Court Did Not Properly Bid All Purchases Over \$40,000

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The Knox County Fiscal Court did not follow bidding requirements for all purchases over \$40,000. Based on audit testing, the Knox County Fiscal Court did not require bids for eight purchases totaling \$684,429 and ranging in costs from \$64,357 to \$121,261.

**KNOX COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2024  
(Continued)**

NONCOMPLIANCES MATERIAL TO THE FINANCIAL STATEMENT: (Continued)

2024-002 The Knox County Fiscal Court Did Not Properly Bid All Purchases Over \$40,000 (Continued)

All of the exceptions noted were for the purchase of material related to a construction project that had been awarded after a bidding process. The winning bidder and the fiscal court entered into an agreement for the fiscal court to make a purchase of the material necessary for the project's completion. However, the fiscal court was unaware that bidding requirements would still need to be followed if the county was making direct purchases of material.

By not following the proper bidding requirements, the fiscal court was not in compliance with applicable state laws and regulations.

KRS 424.260(1) states, in part, "no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; ...." and "...involving an expenditure of more than forty thousand dollars (\$40,000) without first making newspaper advertisement for bids..."

We recommend the fiscal court monitor disbursements to ensure procurement procedures are followed properly for all purchases and contracts in the future.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: We agree. We have a plan of action to address this issue going forward.*

INTERNAL CONTROL – MATERIAL WEAKNESS:

2024-003 The Knox County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts And Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2023-003. The jail has a lack of segregation of duties over receipts and disbursements. The bookkeeper prepares deposits and posts these deposits to the receipts ledger. The bookkeeper also prepares and signs checks and posts these disbursements to the disbursements ledger. By allowing the same employee to perform all functions relating to receipts and disbursements, the risk increases that errors or fraud could occur without being detected. The jail has a small staff size available to segregate duties in the financial processes. Without proper segregation of duties, inaccurate financial reporting and/or fraud can occur.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The failure to separate the duties of collections, issuing checks, and posting to the receipt and disbursement ledger is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

**KNOX COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2024**  
**(Continued)**

INTERNAL CONTROL – MATERIAL WEAKNESS: (Continued)

2024-003 The Knox County Jail Commissary Lacks Adequate Segregation Of Duties Over Receipts And Disbursements (Continued)

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We recommend the Knox County Jailer segregate duties over receipts, disbursements, and the bank reconciliation process. If segregation of duties is not feasible due to a lack of staff, we recommend the jailer implement and document compensating controls to offset this control deficiency. Compensation controls may include, but are not limited to, conducting a recount, making daily deposits, agreeing daily tax collections total to the receipts ledger and deposit slip, agreeing monthly tax reports to receipts ledger and disbursements ledger, and reviewing the monthly bank reconciliation.

Views of Responsible Official and Planned Corrective Action:

*Jailer's Response: Bookkeeper/Deputy Jailer will empty the KIOSK and print the KIOSK receipts. Two Deputy Jailers will count the money and initial the KIOSK receipts. Jailer's Lieutenant will make the deposits for the bank. Jailer and Deputy Jailer will take deposit to Bank. Jailer will check bank statements each month and initials.*

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

**KNOX COUNTY FISCAL COURT**

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

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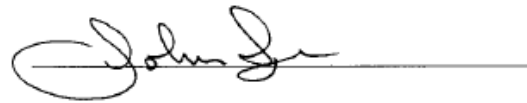


CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
KNOX COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Knox 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