

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

**For The Year Ended
June 30, 2023**

**Roy W Hunter, CPA, PLLC
1890 Star Shoot Parkway
Suite 170-147
Lexington, KY 40509**

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Independent Auditor's Report

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

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

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Henderson County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Henderson County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Henderson County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Henderson County Fiscal Court, for the year ended June 30, 2023, 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 Henderson County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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The Honorable Brad Schneider, Henderson County Judge/Executive
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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 Henderson County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Henderson County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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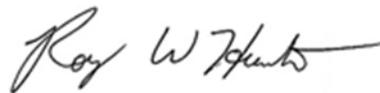
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, on our consideration of the Henderson County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Henderson County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Henderson County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing
- 2023-002 The Henderson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Compliance With Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Requirements

Respectfully submitted,



Roy W. Hunter, CPA PLLC
Lexington, Kentucky

January 25, 2024

HENDERSON COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

Brad Schneider	County Judge/Executive
Keith Berry	Magistrate District 1
Beth Moran	Former Magistrate District 2 - July 1, 2022 - December 31, 2022
Taylor Tompkins	Magistrate District 2 - January 1, 2023 - Present
Tim Southard	Magistrate District 3
Billy "Butch" Puttman	Magistrate District 4
Charles McCollom	Former Magistrate District 5 - July 1, 2022 - December 31, 2022
William Starks	Magistrate District 5 - January 1, 2023 - Present

Other Elected Officials:

Steve Gold	County Attorney
Amy Brady	Former Jailer - July 1, 2022 - August 31, 2022
Ed Vaught	Former Jailer - August 31, 2022 - December 31, 2022
Bruce Todd	Jailer - January 1, 2023 - Present
Renesa Abner	County Clerk
Clyde Gregory Sutton	Circuit Court Clerk
David Crafton	Former Sheriff - July 1, 2022 - December 31, 2022
C. "Chip" Stauffer	Sheriff - January 1, 2023 - Present
Andrew Powell	Property Valuation Administrator
Bruce Farmer	Coroner

Appointed Personnel:

Brenda Duncan-Rider	County Treasurer
Nick Stallings	County Engineer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 12,427,931	\$	\$
In Lieu Tax Payments	139,828		
Excess Fees	186,756		
Licenses and Permits	124,131		
Intergovernmental	3,832,656	2,510,806	5,576,472
Charges for Services		40,139	297,783
Miscellaneous	668,339	109,030	811,557
Interest	711,730	34,454	81,954
Total Receipts	<u>18,091,371</u>	<u>2,694,429</u>	<u>6,767,766</u>
DISBURSEMENTS			
General Government	8,286,717		
Protection to Persons and Property	438,737		5,892,238
General Health and Sanitation		286,814	
Social Services			
Recreation and Culture	8,104	354,971	
Roads		4,715,625	
Debt Service			
Administration	538,875	878,679	1,375,414
Total Disbursements	<u>9,272,433</u>	<u>6,236,089</u>	<u>7,267,652</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>8,818,938</u>	<u>(3,541,660)</u>	<u>(499,886)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds		3,489,900	
Transfers To Other Funds	(3,309,900)		
Total Other Adjustments to Cash (Uses)	<u>(3,309,900)</u>	<u>3,489,900</u>	
Net Change in Fund Balance	5,509,038	(51,760)	(499,886)
Fund Balance - Beginning (Restated)	23,977,722	352,479	6,868,602
Fund Balance - Ending	<u>\$ 29,486,760</u>	<u>\$ 300,719</u>	<u>\$ 6,368,716</u>
Composition of Fund Balance			
Bank Balance	\$ 28,575,331	\$ 663,549	\$ 6,258,247
Less: Outstanding Checks	(479,639)	(362,830)	(189,531)
Certificates of Deposit	983,959		300,000
Investments	407,109		
Fund Balance - Ending	<u>\$ 29,486,760</u>	<u>\$ 300,719</u>	<u>\$ 6,368,716</u>

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

HENDERSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	State Grants Fund	Economic Development Fund	Clerk's Storage Fund	Court Settlement Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$
156,625					
562,703	651,532				
	10,564		59,610	175,368	50,000
10,991		5,234	879	119	103,618
<u>730,319</u>	<u>662,096</u>	<u>5,234</u>	<u>60,489</u>	<u>175,487</u>	<u>153,618</u>
	306,500	1,060,000			
351,223				7,500	
327,219	70,776				
145,436	400,092				
9,100					
					94,085
<u>832,978</u>	<u>777,368</u>	<u>1,060,000</u>		<u>7,500</u>	<u>94,085</u>
(102,659)	(115,272)	(1,054,766)	60,489	167,987	59,533
300,000		1,109,900			
					(1,589,900)
<u>300,000</u>		<u>1,109,900</u>			<u>(1,589,900)</u>
197,341	(115,272)	55,134	60,489	167,987	(1,530,367)
289,952	570,339	9,058			6,499,015
<u>\$ 487,293</u>	<u>\$ 455,067</u>	<u>\$ 64,192</u>	<u>\$ 60,489</u>	<u>\$ 167,987</u>	<u>\$ 4,968,648</u>
\$ 497,729	\$ 455,067	\$ 74,192	\$ 60,489	\$ 175,487	\$ 4,968,648
(10,436)		(10,000)		(7,500)	
<u>\$ 487,293</u>	<u>\$ 455,067</u>	<u>\$ 64,192</u>	<u>\$ 60,489</u>	<u>\$ 167,987</u>	<u>\$ 4,968,648</u>

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

HENDERSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	<u>Unbudgeted Funds</u>			<u>Internal</u> <u>Service Fund</u>
	<u>Public</u> <u>Properties</u> <u>Corporation</u> <u>Fund</u>	<u>Jail</u> <u>Commissary</u> <u>Fund</u>	<u>Total</u> <u>Funds</u>	<u>Health</u> <u>Insurance</u> <u>Fund</u>
RECEIPTS				
Taxes	\$	\$	\$ 12,427,931	\$
In Lieu Tax Payments			139,828	
Excess Fees			186,756	
Licenses and Permits			280,756	
Intergovernmental	723,500		13,857,669	
Charges for Services			337,922	
Miscellaneous		1,112,106	2,996,574	2,025,940
Interest		15,803	964,782	39,374
Total Receipts	<u>723,500</u>	<u>1,127,909</u>	<u>31,192,218</u>	<u>2,065,314</u>
DISBURSEMENTS				
General Government			9,653,217	
Protection to Persons and Property			6,689,698	
General Health and Sanitation			684,809	
Social Services			545,528	
Recreation and Culture		1,045,629	1,417,804	
Roads			4,715,625	
Debt Service	723,500		723,500	
Administration			2,887,053	2,526,114
Total Disbursements	<u>723,500</u>	<u>1,045,629</u>	<u>27,317,234</u>	<u>2,526,114</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		82,280	3,874,984	(460,800)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			4,899,800	
Transfers To Other Funds			(4,899,800)	
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance		82,280	3,874,984	(460,800)
Fund Balance - Beginning (Restated)		1,183,829	39,750,996	1,785,125
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,266,109</u>	<u>\$ 43,625,980</u>	<u>\$ 1,324,325</u>
Composition of Fund Balance				
Bank Balance	\$	\$ 1,281,933	\$ 43,010,672	\$ 1,324,325
Less: Outstanding Checks		(15,824)	(1,075,760)	
Certificates of Deposit			1,283,959	
Investments			407,109	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,266,109</u>	<u>\$ 43,625,980</u>	<u>\$ 1,324,325</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

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

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

Clerk's Storage 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.

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

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

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

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

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

Internal Service Fund

Health Insurance Fund - The primary purpose of this fund is to account for the fiscal court's partially self-funded employee health insurance program.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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.

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Henderson County Elected Officials

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

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

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.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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 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 is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on this criteria, the following is considered a related organization of the Henderson County Fiscal Court:

Four Star Industrial Development

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

Henderson City-County Planning Commission
 Tri-County Recycling
 Henderson City-County Airport Board
 Henderson Economic Development

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.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

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, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2023, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)
		Less Than 1
Investments:		
Vanguard Federal Money Market	\$ 407,109	\$ 407,109
Total Investments	<u>407,109</u>	<u>407,109</u>
Total Fund Balance	<u>\$ 407,109</u>	<u>\$ 407,109</u>

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 investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$1,283,959 of certificates of deposit and \$407,109 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$1,283,959 of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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:

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk (Continued)

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

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2023, the fiscal court has no investments in these categories.

Type	Standard & Poor's/Moody's Credit Ratings	
	AAA/Aaa	Cost Basis
Investments:		
Vanguard Federal Money Market	407,109	407,109
Total Investments	407,109	407,109
Total Fund Balance	\$ 407,109	\$ 407,109

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, which are 100 percent of the fiscal court's investments. These investments are reported in the fiscal court's general fund.

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 2023.

	General Fund	American Rescue Plan Act Fund	Total Transfers In
Road Fund	\$ 1,900,000	\$ 1,589,900	\$ 3,489,900
LGEA Fund	300,000		300,000
Economic Development Fund	1,109,900		1,109,900
Total Transfers Out	\$ 3,309,900	\$ 1,589,900	\$ 4,899,800

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.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023 was \$117,157.

Note 5. Receivables

A. Airport

The Henderson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust on April 19, 2007, for the purpose of funding an airport expansion (See Note 6) project along with the City of Henderson. The principal amount of the loan was given directly to the airport. The lease amount was \$325,000. The receivable was paid off as of June 30, 2023.

B. Reed Fire Department

The Henderson County Fiscal Court loaned \$50,000 to the Reed Volunteer Fire Department. This loan is to be paid back with an annual payment of \$5,000 with no interest added. The balance of the receivable at June 30, 2023, was \$9,983.

C. Just Storage

The Henderson County Fiscal Court loaned \$10,000 to Just Storage to start the business. This was a zero interest loan. The receivable was paid off as of June 30, 2023.

D. Boucherie Vineyards and Winery

The Henderson County Fiscal Court loaned \$10,000 to Boucherie Vineyards to start the business. This loan is to be paid back with a monthly payment of \$83 with no interest. The receivable was paid off as of June 30, 2023.

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Lease Revenue Refunding Bonds, Series 2017 – Court Facility Project

The Henderson County Public Properties Corporation issued \$5,495,881 Lease Revenue Refunding Bonds, Series 2017 dated February 9, 2017, for the purpose of refunding and retiring the Court Facility – Series 2006 Bonds. Principal payments are due each year on February 1, in amounts indicated below starting February 1, 2018. Interest on the bonds will be payable semi-annually on February 1 and August 1 beginning August 1, 2017. The bonds contain a provision that in an event of default, the mortgage shall be enforced under the terms, include foreclosure of the liens created and sale of the project. The principal balance outstanding for the bond issues of June 30, 2023, was \$2,090,413. Annual debt service requirements to maturity are as follows:

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

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

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 684,531	\$ 44,944
2025	694,061	30,227
2026	711,821	15,304
Totals	<u>\$ 2,090,413</u>	<u>\$ 90,475</u>

2. Airport Lease

The County of Henderson, Kentucky entered into a lease agreement with Kentucky Association of Counties Leasing Trust on April 19, 2007, for the purpose of funding an airport expansion project along with the City of Henderson, the principal amount of the loan was given directly to the airport. The lease amount was \$325,000. Principal and interest payments are due monthly. Interest is charged at a rate of 4.338 percent. The lease will be paid in full on May 20, 2027. The lease contains a provision that in an event of default, the lessor may, without any further demand or notice, take one or any combination of the following remedial steps: (a) terminate the lease term and give notice to the lessee to vacate or surrender the project within 60 days from the date of such notice; (b) sell or re-lease the project or any portion thereof; (c) recover from the lessee: (1) the lease rental payments which would otherwise have been payable hereunder during an period in which the lessee continues to use, occupy or obtain possession of the project, and (2) lease rental payments which would otherwise have been payable hereunder and after the lessee vacates or surrenders the project during the remainder of the fiscal year. The principal balance as of June 30, 2023, was \$0.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 2,873,320	782,907	\$ 2,090,413	\$ 684,531
Total Long-term Debt	<u>\$ 2,873,320</u>	<u>\$ 782,907</u>	<u>\$ 2,090,413</u>	<u>\$ 684,531</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended <u>June 30</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 684,531	\$ 44,944
2025	694,061	30,227
2026	711,821	15,304
	<u>\$ 2,090,413</u>	<u>\$ 90,475</u>

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 7. Commitments and Contingencies

A. Litigation

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

B. Ambulance Service Agreement

In April 1983, the County of Henderson along with the City of Henderson entered into an agreement with Deaconess Hospital for the operation of a countywide ambulance service. The hospital agreed to operate the ambulance service with both the City and County reimbursing the hospital for any operating loss incurred on a quarterly basis. Expenses incurred under this agreement for fiscal year ended June 30, 2023 were \$48,379.

C. Henderson City - County Airport Board

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for the Henderson City-County Airport Board. The Airport Board is a joint venture between the Fiscal Court and the City of Henderson to assist and promote the Henderson City-County Airport. Expenses incurred under this agreement for fiscal year ended June 30, 2023 were \$159,307.

D. Henderson City - County Planning Commission

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for the Henderson City-County Planning Commission (Planning Commission). The Planning Commission is a joint venture between Fiscal Court and City of Henderson to assist and promote the orderly development of the county and cities. The Fiscal Court and City of Henderson are each responsible for fifty percent of the basic administration included in the budget of the Planning Commission. Expenses incurred under this agreement for fiscal year ended June 30, 2023, were \$380,451.

E. Henderson Economic Development

The Henderson County Fiscal Court (Fiscal Court) has retained an ongoing financial responsibility for Henderson Economic Development, which is a joint venture between the Fiscal Court and City of Henderson to assist and promote Henderson County. Expenses incurred under this agreement for fiscal year ended June 30, 2023 were \$50,000.

Note 8. 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 2021 was \$1,538,755, FY 2022 was \$1,849,553, and FY 2023 was \$1,876,295.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

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 26.79 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.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1(Continued)

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 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. 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.

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.

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.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. 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 9. Deferred Compensation

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

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

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

Note 10. Health Reimbursement Account

The Henderson County Fiscal Court established a health reimbursement account in January 2017, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee providing \$750 (single health insurance plan) or \$1,500 (family health insurance plan) each year to pay for qualified medical expenses. The balance of the health reimbursement account as of June 30, 2023, that was held with the third-party administrator was \$98,925. The fiscal court also has a health reimbursement account at a local bank that had a balance of \$170,766, as of June 30, 2023. The account is used to pay out contributions and other costs related to the health reimbursement account.

Note 11. Insurance

For the fiscal year ended June 30, 2023, the Henderson County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 12. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Henderson County Fiscal Court's name as issuer, the Henderson County 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 Henderson County Fiscal Court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

Note 13. Leases

A. Lessor

1. Jail Probation and Parole Office Space

On October 23, 2018, Henderson County began leasing office space to Jail Probation and Parole. The lease is for eight years and Henderson County will receive quarterly payments of \$12,279. Henderson County recognized \$49,117 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, Henderson County's receivable for lease payments was \$196,445.

2. Sandy Lee Watkins Park and Overton Farms

On March 8, 2019, Henderson County began leasing 200 acres of land to Overton Farms for the right to plant and harvest row crops. The lease is for four years and Henderson County will receive annual payments of \$223 per planted acre. Henderson County recognized \$44,600 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, Henderson County's receivable for lease payments was not yet determined.

3. Countrymark Energy Resources, LLC Oil and Gas Lease

On March 12, 2019, Henderson County began leasing a certain portion of land situated under the Ohio River that is the subject of an oil and gas lease with Countrymark Energy Resources, LLC. The lease is open ended and Henderson County will receive royalty payments. Henderson County recognized \$2,473 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, Henderson County's receivable for lease payments was not yet determined.

4. Deaconess Ambulance Building Space

On May 1, 2021, Henderson County began leasing the station located at 383 Borax Drive, Henderson, KY to Deaconess Hospital. The lease is ongoing and Henderson County receives \$1,251 in credit each month that is applied against leasing ambulance services. Henderson County recognized \$11,585 in credit during the current fiscal year related to this lease which will be applied against the monthly lease of services.

5. Pine Bluff Material Property and Dredging

In 2016, Henderson County began leasing to Pine Bluff Materials the right to dig, dredge, and remove the sand and gravel underlying a portion of the Ohio River. The lease is also for approximately 1.82 acres of land located on West Main Street in the City of Henderson. The lease is to expire on July 31, 2024, with the option to renew. Henderson County recognized \$28,313 in the current fiscal year related to this lease.

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 13. Leases (Continued)

A. Lessor (Continued)

6. Kentucky Real ID Office Space

On April 28, 2022, Henderson County began leasing temporary office space to the Kentucky Transportation Cabinet until the permanent space is completed. Henderson County recognized \$11,318 in lease revenue during the current fiscal year related to this lease. On July 7, 2022, a lease was signed related to the permanent office space. The lease is for one year with automatic extensions of seven years. Henderson County will receive quarterly payments of \$10,479. The Henderson County Fiscal Court recognized \$31,438 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, Henderson County's receivable for lease payments was \$10,479.

B. Lessee

1. Deaconess Ambulance Service

On May 1, 2021, Henderson County entered into a one-year lease agreement as lessee for the use of ambulance services and equipment, with the option to extend. An initial lease liability was recorded in the amount of \$48,379 during the current fiscal year. This is the monthly payment of \$5,416, which is the service payment of \$6,667 applied against rent of \$1,251 received for Henderson County leasing office space to Deaconess. The lease value of the outstanding payment is \$5,036.

Fiscal Year Ended June 30	Amount
2024	\$ 5,036
Total	\$ 5,036

2. County Judge Executive Copier

On January 10, 2020, Henderson County entered into a three-year lease agreement as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$2,691 during the current year, which is the monthly base payment of \$195 plus charges for use of color and/or black and white printing. On March 23, 2023 the lease was bought out for \$727.

3. County Treasurer Postage Machine

On October 7, 2019, Henderson County entered into a five-year lease agreement as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$2,071 during the current fiscal year, which is the quarterly payment of \$518. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$2,071.

Fiscal Year Ended June 30	Amount
2024	\$ 2,071
Total	\$ 2,071

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 13. Leases (Continued)

B. Lessee (Continued)

4. Jail Copiers

On December 12, 2019, Henderson County entered into a three-year lease agreement as lessee for the use of five copiers. An initial lease liability was recorded in the amount of \$15,043, which is the monthly base payment of \$1,298 plus charges for use of color and/or black and white printing. On March 28, 2023 this lease was renewed for two years. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The base value of the outstanding payments is \$28,546.

Fiscal Year Ended June 30	Amount
2024	\$ 15,576
2025	<u>12,970</u>
Total	<u>\$ 28,546</u>

5. County Clerk Postage Machine

On September 5, 2018, Henderson County entered into a five-year lease agreement as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$1,757 during the current fiscal year, which is the quarterly payment of \$439. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year.

6. County Clerk Copiers

On June 18, 2018, Henderson County entered into a five-year lease agreement as lessee for the use of two copiers. An initial lease liability was recorded in the amount of \$3,597 during the current fiscal year, which is the monthly payment of \$327. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year.

7. Sheriff Copiers

On January 24, 2020, Henderson County entered into a three-year lease agreement as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$2,942 during the current fiscal year, which is the monthly base payment of \$230 plus charges for use of color and/or black and white printing. On April 11, 2023 the lease was bought out for \$840.

8. Emergency Management Office Space

On June 15, 2022, Henderson County entered into a five-year lease agreement as lessee for the use of office space for Emergency Management. An initial lease liability was recorded in the amount of \$1, during the current fiscal year, which is the annual payment due. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$3

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 13. Leases (Continued)

B. Lessee (Continued)

9. Administrative Office of the Courts Building Lease

On February 1, 2017, Henderson County Public Properties entered into a nine-year lease agreement as lessee for the use of office space for the Administrative Office of the Courts. An initial lease liability was recorded in the amount of \$723,500, during the current fiscal year, which is the annual payment and interest due. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$2,180,888.

10. Judicial Center Solar Light Panel Lease

On March 14, 2023, Henderson County Public Properties entered into a fifteen-year lease agreement as lessee for the use of solar equipment. The lessor will operate and maintain the solar energy system for the term of the agreement. An initial lease liability was recorded in the amount of \$181,260, during the current fiscal year, which includes monthly payments of \$1,007 for 180 months. No payments were made in the current fiscal court. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$181,260.

Fiscal Year Ended June 30	Amount
2024	\$ 12,084
2025	12,084
2026	12,084
2027	12,084
2028	12,084
2029-2033	60,420
2034-2038	60,420
Total	<u>\$ 181,260</u>

HENDERSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 14. Tax Abatements

Columbia Sportswear: The ad valorem tax was abated under the authority of KRS 103.285. For fiscal year ended June 30, 2023, the amount of taxes abated is not known since the actual property assessment will not be performed until the pilot agreement expires in 2025. The entity pays property taxes based on the original property assessment, \$16,000,000, when the agreement was signed.

Sitex Corporation: The ad valorem tax was abated under the authority of KRS 103.285. For fiscal year ended June 30, 2023, the amount of taxes abated is not known since the actual property assessment will not be performed until the pilot agreement expires in 2025. The entity pays property taxes based on the original property assessment, \$2,111,000, when the agreement was signed.

Columbia Sportswear: The occupational license tax was abated under the authority of KRS 103.285. The agreement has been approved; however, it has not been activated as of June 30, 2023. For fiscal year ended June 30, 2023, the amount of taxes abated was \$0.

Riverview Coal: The occupational license tax was abated under the authority of section 103.285 of the Kentucky Revised Statutes. The agreement has been approved, however, has not been activated as of June 30, 2023. For fiscal year ended June 30, 2023; the amount of taxes abated was \$0.

Note 15. Self- Insurance - Health

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

During fiscal year 2023, the Henderson County Fiscal Court's health insurance fund had a beginning balance of \$1,785,125. The fund received \$2,065,314 and disbursed \$2,526,114. The health insurance fund had a balance of \$1,324,325 as of June 30, 2023.

Note 16. Prior Period Adjustments

	General Fund	Road Fund	Total Fund Balance
Ending Cash Balance Prior Year	\$ 23,975,062	\$ 352,349	\$ 39,748,206
Adjustments:			
Prior Year Voided Checks	2,660	130	2,790
Beginning Fund Balance Restated	<u>\$ 23,977,722</u>	<u>\$ 352,479</u>	<u>\$ 39,750,996</u>

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

For The Year Ended June 30, 2023

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HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 10,115,000	\$ 10,115,000	\$ 12,427,931	\$ 2,312,931
In Lieu Tax Payments	131,190	131,190	139,828	8,638
Excess Fees	163,180	163,180	186,756	23,576
Licenses and Permits	85,000	85,000	124,131	39,131
Intergovernmental	3,054,513	3,174,089	3,832,656	658,567
Miscellaneous	230,500	282,220	668,339	386,119
Interest	58,000	58,000	711,730	653,730
Total Receipts	<u>13,837,383</u>	<u>14,008,679</u>	<u>18,091,371</u>	<u>4,082,692</u>
DISBURSEMENTS				
General Government	8,600,696	8,999,947	8,286,717	713,230
Protection to Persons and Property	439,294	485,128	438,737	46,391
Recreation and Culture	7,100	9,100	8,104	996
Administration	971,893	650,222	538,875	111,347
Total Disbursements	<u>10,018,983</u>	<u>10,144,397</u>	<u>9,272,433</u>	<u>871,964</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,818,400</u>	<u>3,864,282</u>	<u>8,818,938</u>	<u>4,954,656</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(3,818,400)</u>	<u>(5,518,400)</u>	<u>(3,309,900)</u>	<u>2,208,500</u>
Total Other Adjustments to Cash (Uses)	<u>(3,818,400)</u>	<u>(5,518,400)</u>	<u>(3,309,900)</u>	<u>2,208,500</u>
Net Change in Fund Balance		(1,654,118)	5,509,038	7,163,156
Fund Balance - Beginning (Restated)		<u>1,774,318</u>	<u>23,977,722</u>	<u>22,203,404</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 120,200</u>	<u>\$ 29,486,760</u>	<u>\$ 29,366,560</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,530,201	\$ 2,862,148	\$ 2,510,806	\$ (351,342)
Charges for Services	31,000	31,000	40,139	9,139
Miscellaneous	66,000	66,000	109,030	43,030
Interest	2,800	20,100	34,454	14,354
Total Receipts	<u>2,630,001</u>	<u>2,979,248</u>	<u>2,694,429</u>	<u>(284,819)</u>
DISBURSEMENTS				
General Health and Sanitation	360,320	360,320	286,814	73,506
Recreation and Culture	716,180	716,180	354,971	361,209
Roads	3,760,973	5,850,120	4,715,625	1,134,495
Administration	985,456	985,456	878,679	106,777
Total Disbursements	<u>5,822,929</u>	<u>7,912,076</u>	<u>6,236,089</u>	<u>1,675,987</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,192,928)</u>	<u>(4,932,828)</u>	<u>(3,541,660)</u>	<u>1,391,168</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>3,192,928</u>	<u>3,342,928</u>	<u>3,489,900</u>	<u>146,972</u>
Total Other Adjustments to Cash (Uses)	<u>3,192,928</u>	<u>3,342,928</u>	<u>3,489,900</u>	<u>146,972</u>
Net Change in Fund Balance		(1,589,900)	(51,760)	1,538,140
Fund Balance - Beginning (Restated)			<u>352,479</u>	<u>352,479</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (1,589,900)</u>	<u>\$ 300,719</u>	<u>\$ 1,890,619</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 5,594,962	\$ 5,594,962	\$ 5,576,472	\$ (18,490)
Charges for Services	119,500	119,500	297,783	178,283
Miscellaneous	865,000	865,000	811,557	(53,443)
Interest	40,000	40,000	81,954	41,954
Total Receipts	<u>6,619,462</u>	<u>6,619,462</u>	<u>6,767,766</u>	<u>148,304</u>
DISBURSEMENTS				
Protection to Persons and Property	6,725,493	6,875,493	5,892,238	983,255
Administration	2,033,527	1,883,527	1,375,414	508,113
Total Disbursements	<u>8,759,020</u>	<u>8,759,020</u>	<u>7,267,652</u>	<u>1,491,368</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,139,558)</u>	<u>(2,139,558)</u>	<u>(499,886)</u>	<u>1,639,672</u>
Net Change in Fund Balance	(2,139,558)	(2,139,558)	(499,886)	1,639,672
Fund Balance - Beginning	<u>2,139,558</u>	<u>2,139,558</u>	<u>6,868,602</u>	<u>4,729,044</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,368,716</u>	<u>\$ 6,368,716</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 110,000	\$ 110,000	\$ 156,625	\$ 46,625
Intergovernmental	150,000	150,000	562,703	412,703
Miscellaneous	900	900		(900)
Interest	100	100	10,991	10,891
Total Receipts	<u>261,000</u>	<u>261,000</u>	<u>730,319</u>	<u>469,319</u>
DISBURSEMENTS				
Protection to Persons and Property	243,200	352,400	351,223	1,177
General Health and Sanitation	365,335	365,335	327,219	38,116
Social Services	147,936	147,936	145,436	2,500
Recreation and Culture	9,100	9,100	9,100	
Bus Services	10,000	10,000		10,000
Administration	1,000	1,000		1,000
Total Disbursements	<u>776,571</u>	<u>885,771</u>	<u>832,978</u>	<u>52,793</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(515,571)</u>	<u>(624,771)</u>	<u>(102,659)</u>	<u>522,112</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>515,571</u>	<u>515,571</u>	<u>300,000</u>	<u>(215,571)</u>
Total Other Adjustments to Cash (Uses)	<u>515,571</u>	<u>515,571</u>	<u>300,000</u>	<u>(215,571)</u>
Net Change in Fund Balance		(109,200)	197,341	306,541
Fund Balance - Beginning			<u>289,952</u>	<u>289,952</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (109,200)</u>	<u>\$ 487,293</u>	<u>\$ 596,493</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 427,000	\$ 464,184	\$ 651,532	\$ 187,348
Miscellaneous		150,500	10,564	(139,936)
Total Receipts	<u>427,000</u>	<u>614,684</u>	<u>662,096</u>	<u>47,412</u>
DISBURSEMENTS				
General Government		306,500	306,500	
General Health and Sanitation	156,000	74,400	70,776	3,624
Social Services	200,000	401,100	400,092	1,008
Recreation and Culture		184		184
Capital Projects	71,000			
Total Disbursements	<u>427,000</u>	<u>782,184</u>	<u>777,368</u>	<u>4,816</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(167,500)</u>	<u>(115,272)</u>	<u>52,228</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		<u>(150,000)</u>		<u>150,000</u>
Total Other Adjustments to Cash (Uses)		<u>(150,000)</u>		<u>150,000</u>
Net Change in Fund Balance		(317,500)	(115,272)	202,228
Fund Balance - Beginning		<u>306,500</u>	<u>570,339</u>	<u>263,839</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (11,000)</u>	<u>\$ 455,067</u>	<u>\$ 466,067</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

ECONOMIC DEVELOPMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 100	\$ 100	\$ 5,234	\$ 5,134
Total Receipts	100	100	5,234	5,134
DISBURSEMENTS				
General Government	110,000	1,110,000	1,060,000	50,000
Total Disbursements	110,000	1,110,000	1,060,000	50,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(109,900)	(1,109,900)	(1,054,766)	55,134
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	109,900	1,109,900	1,109,900	
Total Other Adjustments to Cash (Uses)	109,900	1,109,900	1,109,900	
Net Change in Fund Balance			55,134	55,134
Fund Balance - Beginning			9,058	9,058
Fund Balance - Ending	\$ 0	\$ 0	\$ 64,192	\$ 64,192

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	CLERKS STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 59,610	\$ 59,610
Interest			879	879
Total Receipts			<u>60,489</u>	<u>60,489</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>60,489</u>	<u>60,489</u>
Net Change in Fund Balance			60,489	60,489
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,489</u>	<u>\$ 60,489</u>

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	COURT SETTLEMENT FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$		\$ 175,368	\$
Interest			119	119
Total Receipts		175,368	175,487	119
DISBURSEMENTS				
Protection to Persons and Property		175,368	7,500	167,868
Total Disbursements		175,368	7,500	167,868
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			167,987	167,987
Net Change in Fund Balance			167,987	167,987
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 167,987	\$ 167,987

HENDERSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 50,000	\$ 50,000
Interest		20,000	103,618	83,618
Total Receipts		<u>20,000</u>	<u>153,618</u>	<u>133,618</u>
DISBURSEMENTS				
Administration		6,516,956	94,085	4,832,971
Total Disbursements		<u>6,516,956</u>	<u>94,085</u>	<u>4,832,971</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(6,496,956)</u>	<u>59,533</u>	<u>4,966,589</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,589,900)	(1,589,900)
Total Other Adjustments to Cash (Uses)			<u>(1,589,900)</u>	<u>(1,589,900)</u>
Net Change in Fund Balance		(6,496,956)	(1,530,367)	3,376,689
Fund Balance - Beginning		<u>6,496,956</u>	<u>6,499,015</u>	<u>2,059</u>
Fund Balance - Ending	\$	<u>0</u>	\$ <u>4,968,648</u>	\$ <u>3,378,748</u>

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

June 30, 2023

Note 1. Budgetary Information

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

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

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

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**HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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**HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ _____	\$ 1,683,985
Total U.S. Department of Treasury			\$ _____	\$ 1,683,985
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government:</i>				
Community Development Block Grant/States Program	14.228	2200002058	\$ 200,000	\$ 200,000
Community Development Block Grant/States Program	14.228	2300002011	200,000	200,000
Total U.S. Department of Housing and Urban Development			\$ 400,000	\$ 400,000
<u>U.S. Department of Health and Family Services</u>				
<i>Passed-Through Kentucky Cabinet of Health and Family Services</i>				
Child Support Services	93.563		\$ _____	70,839
Total U.S. Department of Health and Family Services			\$ _____	\$ 70,839

The accompanying notes are an integral part of this schedule.

HENDERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023 (Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Emergency Management:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$	\$ 202,000
Emergency Management Performance Grant	97.042	SC 095200000513	_____	_____ 24,892
Total U.S. Department of Homeland Security			<u>\$</u>	<u>\$ 226,892</u>
Total Expenditures of Federal Awards			<u>\$ 400,000</u>	<u>\$ 2,381,716</u>

The accompanying notes are an integral part of this schedule.

HENDERSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Henderson County, Kentucky under programs of the federal government for the year ended June 30, 2023. 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 Henderson County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Henderson County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Henderson County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land and Land Improvements	\$ 1,123,414	\$	\$	\$ 1,123,414
Buildings and Buildings Improvemer	25,288,809	122,051		25,410,860
Vehicles and Equipment	10,684,284	1,241,248	293,020	11,632,512
Jail Vehicles and Equipment	566,215	54,375	7,698	612,892
Infrastructure	<u>16,826,230</u>	<u>2,328,313</u>	<u> </u>	<u>19,154,543</u>
 Total Capital Assets	 <u>\$ 54,488,952</u>	 <u>\$ 3,745,987</u>	 <u>\$ 300,718</u>	 <u>\$57,934,221</u>

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

June 30, 2023

Note 1. Capital Assets

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

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

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

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

Independent Auditor's Report

The Honorable Brad Schneider, Henderson County Judge/Executive
Members of the Henderson County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Henderson County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Henderson County Fiscal Court's financial statement and have issued our report thereon dated January 25, 2024.

Internal Control Over Financial Reporting

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

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 statements 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 attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questionable Costs as item 2023-001 that we considered to be a significant deficiency.

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)

Compliance And Other Matters

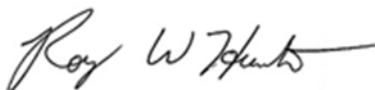
As part of obtaining reasonable assurance about whether the Henderson County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

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

Purpose of this Report

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

Respectfully submitted,



Roy. W. Hunter, CPA, PLLC
Lexington, Kentucky
January 25, 2024

**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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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 Brad Schneider, Henderson County Judge/Executive
Members of the Henderson County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Henderson County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Henderson County Fiscal Court's major federal programs for the year ended June 30, 2023. The Henderson 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, Henderson 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, 2023.

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 Henderson 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 Henderson County Fiscal Court's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Henderson County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Henderson 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 Henderson 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 Henderson 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 Henderson 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 Henderson 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 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)

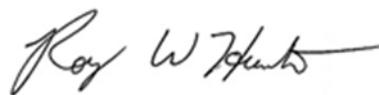
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Henderson County Fiscal Court's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Henderson County Fiscal Court's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Respectfully submitted,



Roy W. Hunter, CPA PLLC
Lexington, Kentucky

January 25, 2024

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

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

Identification of major program:

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

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

**HENDERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)**

Section II: Financial Statement Findings

2023-001: The Henderson County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing

This is a repeat finding and was included in the prior year report as finding 2022-003 (Part of the prior year finding was corrected.) The Henderson County Fiscal Court's internal controls over payroll processes were not operating effectively as noted by the following deficiencies:

- County Clerk's timesheets do not show the actual time worked each day.
- Judge's office employees leave time balance maintained without any review and supervisor approval for the first half of fiscal year 2023. (This was corrected the second half of fiscal year 2023).
- The Former County Jailer was overpaid the statutory maximum salary set by the Department of Local Government.
- County Personnel Policy does not address where clerk's office employees can select to get paid for overtime or accumulate towards compensatory time.

Based on county records there was a lack of segregation of duties over payroll preparation and no independent review of payroll items before processing and disbursing payroll. Due to the lack of internal controls over payroll processing, the above findings occurred.

The former county jailer was paid a salary based on a 26 - pay period instead of the 12-month period. This resulted in an overpayment when the former jailer retired on August 31, 2022.

Due to the lack of internal controls over payroll, payments for payroll were not properly supported. Failure to maintain accurate timesheets resulted in the county not being in compliance with KRS 337.320.

The Former County Jailer's statutory maximum salary for calendar year 2022 should have been \$84,219 (prorated based on 8 months) which includes one training incentive payment of \$4,679. The former jailer's actual salary for 2022 was \$87,278 resulting in an overpayment of \$3,059.

Strong internal controls over payroll and timekeeping are vital in ensuring the payroll amounts are calculated and accounted for properly. Strong internal controls are also important in safeguarding the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county is in compliance with state statutes and Henderson County Administrative Code.

Lastly, KRS 337.320 (1) requires employers to maintain a record of "[t]he hours worked each day by each employee."

KRS 64.535 states "The county judge/executive, clerk, jailer who operates a full-service jail, and sheriff shall each receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275."

**HENDERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)**

Section II: Financial Statement Findings (Continued)

2023-001: The Henderson County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing (Continued)

We make the following recommendations to address these findings:

- The County Clerk's office staff should report actual hours worked each day to ensure the correct total hours are paid.
- The Judge should continue to approve the leave time detail of his office staff.
- The Fiscal Court should obtain the excess of \$3,059 from the former county jailer. We also recommend in the future, the Fiscal Court review maximum salary authorizations upon receipt and determine if correct salaries are being paid.
- Furthermore, the fiscal court should consult with the county attorney to review the county's administrative code to determine what a full-time salaried employee's hours of work consist of to ensure all employees are eligible for full time benefits of the county. We recommend addressing by each department separately if a full-time employee's total hours per week varies between departments.

Views of Responsible Official and Planned Corrective Action:

The County Clerk's office personnel are now filing out time sheets in accordance with the guidance given by state auditors in the first quarter of 2023. That change was made shortly after the exit interview. Employees in the Judge's office now have their leave time balances reviewed and approved by the Judge. That was corrected in the second half of the last fiscal year. The former Jailer was notified of the overpayment and steps have been taken to both recoup that money and prevent that error from happening again. The County Personnel Policy will be amended by February 28, 2024 to address how comp time is handled in the Clerk's Office.

HENDERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section III: Federal Award Findings And Questioned Costs

2023-002: The Henderson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Compliance With Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Requirements

Federal Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: 2023

Name of Federal Agency: U.S. Department of the Treasury

Compliance Requirements Allowable Costs/Cost Principles

Type of Finding: Material Weakness

Amount of Questioned Costs: \$0

COVID Related: Yes

This is a repeat finding and was included in the prior year report as finding 2022-004. The Henderson County Fiscal Court transferred federal funds from the ARPA Fund to the Road Fund without first ensuring sufficient supporting documentation of allowable expenditures prior to the transfer.

The county was awarded \$8,781,513 in American Rescue Plan Act (ARPA) funds, receiving the first payment of \$4,390,756 into the ARPA Fund in June 2021 and a second payment of \$4,390,757 in June 2022. In August 2022, the county transferred \$1,589,900 from the ARPA Fund into the Road Fund for “lost revenue”. At the time of the transfer, the county did not maintain a list of expenditures that reconciled to the transfer total. After the disbursements were expended, the county gathered documentation and provided auditors a reconciliation of expenditures of eligible costs that supported the amount transferred into the road fund.

An effective internal control system was not in place in Henderson County to ensure compliance with requirements related to the administration of ARPA funds and the Allowable Costs/Cost Principles compliance requirements.

Failure to establish and maintain effective internal controls over compliance with federal program requirements could subject the county to the risk of reporting ineligible expenditures on the SEFA and using grant funds for unallowable purposes.

2 CFR 200.303 states in part:

“The non-Federal entity must: (a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

We recommend the county establish and maintain internal controls over compliance for all federal program expenditures to ensure accurate use and reporting of federal awards, including maintaining sufficient supporting documentation of expenditures that reconciles to any transfer from a federal program fund into other county funds at the time of the transfer.

**HENDERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)**

Section III: Federal Award Findings And Questioned Costs (Continued)

2023-002: The Henderson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Compliance With Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Requirements (Continued)

Views of Responsible Official and Planned Corrective Action:

We categorically reject the assessment that our county “did not establish and maintain effective internal controls over compliance with coronavirus State and Local Recovery Fund requirement”. The transactions cited happened before state auditors finally clarified how they believed interfund transfers of those funds should have been handled. Before that moment, there had been little to no clear, written guidance from the state on the proper procedure for utilizing these funds for other needs within our budgets (in our case, fixing roads). Our staff spent weeks combing through and attempting to understand federal documents issued with spending rules that changed often and continue to change today. We have traced and will track every penny of those monies were spend and account for them in any way we are required. I believe it is not fair to our county to suggest otherwise in this finding, but we will certainly follow your instructions on interfund transfers, now that we finally know what those are.

Section IV: Summary Schedule of Prior Audit Findings



OFFICE OF THE COUNTY JUDGE/EXECUTIVE

COURTHOUSE
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Henderson, Kentucky 42420
PHONE (270) 826-3971
FAX (270) 827-6002

BRAD SCHNEIDER
HENDERSON COUNTY JUDGE/EXECUTIVE
bschneider@hendersonky.us

KURT WIESEN
ADMINISTRATIVE ASSISTANT
FISCAL COURT CLERK

ANGELA COMER
HUMAN RESOURCE SPECIALIST

Finding Number	Prior Year Finding Title	Status	Corrective Action
2022-001	The Henderson County Fiscal Court Did Not Have Adequate Controls Over Disbursements	Resolved	
2022-002	The Henderson County Fiscal Court’s Schedule Of Expenditures Of Federal Awards Was Misstated	Resolved	
2022-003	The Henderson County Fiscal Court Does Not Have Adequate Internal Controls Over Payroll Processing	Patially Resolved	See corrective action for current year finding 2023-001.
2022-004	The Henderson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Compliance With Coronavirus State And Local Fiscal Recovery Fund (SLFRF) Requirements	Unresolved	See corrective action for current year finding 2023-002.

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

HENDERSON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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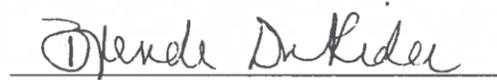
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
HENDERSON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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



County Judge/Executive



County Treasurer