

**HENDERSON CITY-COUNTY  
PLANNING COMMISSION**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2023

**Henderson City-County Planning Commission  
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## INDEPENDENT AUDITOR'S REPORT

Members of the Commission  
Henderson City-County Planning Commission  
Henderson, Kentucky

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Henderson City-County Planning Commission (Commission), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Commission, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit 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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, 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.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Commission'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of budget to actual comparison, schedules of the Commission's proportionate share of the collective net pension liability and OPEB liability, schedules of the Commission's contributions to the pension plan and to the OPEB Plan, and notes to the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the Henderson City-County Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Commission's internal control over financial reporting and compliance.

*ATA CPAs + Advisors PLLC*

Henderson, Kentucky  
November 28, 2023

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

The following discussion and analysis of the Henderson City-County Planning Commission's financial performance provides an overview of the organization's financial activities for the fiscal year ended June 30, 2023.

**Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements:**

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all the Commission's assets and liabilities, and deferred inflows and outflows of resources with the difference reported as net position. You can think of the Commission's net position as one way to measure the Commission's financial health. Over time, increases and decreases in the Commission's net position are indicators of whether the Commission's financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in the Commission's jurisdiction, the local economy, and continuing local government support, to assess the overall health of the Commission.

The *Statement of Activities* presents how the Commission's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund Financial Statements:**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Commission uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Commission has one fund, which captures both Planning and GIS activities.

**Significant Differences between Presentations of Government-wide and Fund Financial Statements:**

The significant differences between the Commission's "Government-wide Financial Statements" and "Fund Financial Statements" mainly relate to the treatment of property and equipment and reporting deferred outflows and inflows of resources and net pension and other post-employment benefits liabilities related to the implementation of GASB 68 and GASB 75.

In relation to property and equipment, for the "Government-wide Financial Statements," capital expenditures are capitalized and reported as property and equipment on the "Statement of Net Position." Additionally, depreciation expense is recorded on the "Statement of Activities." However, capital expenditures are expensed in the "Fund Financial Statements" and are reported as "Capital outlays" on the "Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Funds."

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

In relation to the implementation of GASB 68 and GASB 75, the "Government-wide Financial Statements," reports the deferred outflows and inflows of resources as well as the net pension and other post-employment benefits liabilities, however the "Fund Financial Statements" do not report these items. These items are reconciling items which are shown on the reconciliations from the fund financials to the government-wide financials statement.

**Financial Highlights**

- Total revenues increased by 3.27% or \$24,113 from \$738,179 in FY 2022 to \$762,292 in FY 2023. The City and County of Henderson had a slight increase in their funding to the Commission of \$12,010 each for a total of 24,020, which was the reason for the increase.
- Operating expenses increased by 2.21% or \$16,261 from \$735,068 in FY 2022 to \$751,329 in FY 2023. Health insurance increased by \$15,934 while the other expenses remained consistent with levels of the previous year.

**Financial Analysis of the Commission as a Whole:**

**Summarized Statement of Net Position:**

Analysis of the summarized statement of net position over time serves as a useful indicator of the Commission's financial position. A condensed summary of the Commission's statement of net position is shown as follows:

	2023	2022
<b>Assets:</b>		
Current assets	\$ 327,839	\$ 323,050
Capital assets	71,510	89,831
Total Assets	399,349	412,881
<b>Deferred Outflows of Resources:</b>		
Deferred outflows of resources	212,280	250,524
Total Deferred Outflows of Resources	212,280	250,524
Total Assets and Deferred Outflows of Resources	\$ 611,629	\$ 663,405
<b>Liabilities:</b>		
Current liabilities	\$ 149,193	\$ 160,991
Long-term liabilities	1,195,444	1,148,263
Total Liabilities	1,344,637	1,309,254
<b>Deferred Inflows of Resources:</b>		
Deferred inflows of resources	141,476	239,598
Total Deferred Inflows of Resources	141,476	239,598
<b>Net Position:</b>		
Investment in capital assets	71,510	89,831
Unrestricted	(945,994)	(975,278)
Total Net Position	(874,484)	(885,447)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 611,629	\$ 663,405

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

**Summarized Statement of Net Position, continued:**

- Cash increased by \$4,789 primary due to an increase in the bond escrow account. The liability account for these funds increased by a like amount.
- Capital assets decreased by \$18,321 which was primarily due depreciation and lease payments.
- Net pension and OPEB liabilities increased by \$47,181, deferred outflows of resources decreased by \$38,244, and deferred inflows of resources decreased \$98,122, the changes in these amounts is a function of actuarial calculations which will vary from year to year depending on a variety of factors.

**Summarized Statement of Activities:**

A condensed summary of the Commission's statement of activities is shown as follows:

	<b>2023</b>	<b>2022</b>
Governmental Activities:		
Salaries	\$ (367,470)	\$ (349,770)
Payroll taxes	(22,783)	(21,686)
Health insurance	(80,242)	(64,308)
Retirement	(95,866)	(123,691)
Other	(160,959)	(158,550)
Depreciation	(24,009)	(17,063)
Total Governmental Activities	(751,329)	(735,068)
General Revenues		
Intergovernmental	761,953	737,881
Interest Income	339	298
Total general revenues	762,292	738,179
Transfer out	-	-
Change in net position	10,963	3,111
Net position, beginning of year	(885,447)	(888,558)
Net position, end of year	\$ (874,484)	\$ (885,447)

Expenses for the fiscal year ended were consistent with levels of the previous year with the exception of health insurance which increased by \$15,934.

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

**Revenues:**

A summary of total revenue for the fiscal years ended June 30, 2023 and 2022, and the percent of the total amount of revenue is as follows:

Revenues:	2023	Percent of Total	2022	Percent of Total
City of Henderson	\$ 380,451	50.0%	\$ 368,441	50.0%
County of Henderson	380,451	49.9%	368,440	49.9%
City of Corydon	1,051	0.1%	1,000	0.1%
Interest income	339	0.0%	298	0.0%
<b>Total Operating Revenue</b>	<b>\$ 762,292</b>	<b>100%</b>	<b>\$ 738,179</b>	<b>100%</b>

The Commission's revenue for 2023 was \$762,292 an increase of \$24,113 or 3.27% from 2022. The increase in revenue is due to the result of slightly more funding provided by the City and County of Henderson.

**Expenses:**

A summary of total expenses for the fiscal years ended June 30, 2023 and 2022, and the percent of the total amount of expenses is as follows:

Expenses:	2023	Percent of Total	2022	Percent of Total
Contract Services	\$ 30,097	4.0%	\$ 30,000	4.1%
Health Insurance	80,768	10.8%	64,834	8.8%
Retirement	123,691	16.5%	123,691	16.8%
Salaries	367,469	48.9%	349,770	47.6%
Software maintenance	49,500	6.6%	49,500	6.7%
Other	99,804	13.3%	117,273	16.0%
<b>Total Expenses</b>	<b>\$ 751,329</b>	<b>100%</b>	<b>\$ 735,068</b>	<b>100%</b>

The Commission's government-wide expenses for 2023 were \$768,798, an increase of \$33,730 or 4.59% from 2022. Expense decrease is primarily due to the increase in health insurance and salaries.

**Lease Obligation:**

The Commission adopted Government Accounting Standards No. 87 *Leases*. The adoption of this standard requires a recognition of a right to use asset as well as a liability for the net present value of the lease obligation. A summary of leasing activity is noted below:

	July 1, 2022	Additions	Principal	June 30, 2023
Beginning Balance Lease Obligation	\$ 51,658	\$ -	\$ (10,084)	\$ 41,574

The obligation as of June 30, 2023, is reflected in the statement of net position as follows:

Lease liability-current portion	\$ 10,118
Lease liability- long term portion	31,456
	<u>\$ 41,574</u>

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

**Budgetary Comparisons:**

The Commission adopted its 2022-2023 budget prior to June 30, 2022. The Commission's actual expenditures were \$16,231 less than budgeted expenditures. A summary of actual to budget revenues and expenditures for the fiscal year ended June 30, 2023, is as follows:

	<b>2023</b>			
	Actual	Original Budget	Final Budget	Actual Over (Under) Budget
<b>Revenues:</b>				
City of Henderson	\$ 380,451	\$ 380,451	\$ 380,451	\$ -
County of Henderson	380,451	380,451	380,451	-
City of Corydon	1,051	1,000	1,000	51
Earnings on investments	339	-	-	339
<b>Total Revenues</b>	<b>762,292</b>	<b>761,902</b>	<b>761,902</b>	<b>390</b>
<b>Expenditures:</b>				
Contractual Services	30,097	37,500	37,500	(7,403)
Health Insurance	80,768	65,616	65,616	15,152
Retirement	98,445	98,445	98,445	-
Salaries	367,469	367,470	367,470	(1)
Software maintenance	49,500	49,500	49,500	-
Other	119,392	143,371	143,371	(23,979)
<b>Total Expenditures</b>	<b>745,671</b>	<b>761,902</b>	<b>761,902</b>	<b>(16,231)</b>
<b>Excess Revenues over Expenditures</b>	<b>\$ 16,621</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,621</b>

Revenues for the year were consistent with budgeted amounts as were expenditures.

**Capital Asset Administration:**

The Commission does not own any land or buildings. On March 27, 2012, the Commission passed a resolution authorizing the lease of office space at 1990 Barrett Court (Former Peabody Building) with the City of Henderson. This property is the location of the Henderson City-County Planning Commission. The original term was for 5 years beginning April 2017 and ending March 2022. In March 2022, the Commission renewed the lease for an additional 5 years, ending March 2027. A right to use asset was recorded as GASB No. 87 Leases, was adopted at the inception of the new lease.

Capital assets (assets valued at or above \$1,000) are capitalized and are depreciated over their useful lives. The useful lives for property and equipment for purposes of computing depreciation are 5 - 7 years. At the end of the current fiscal year, the Commission held capital assets such as computer equipment and office furniture as follows:

**Henderson City-County Planning Commission  
Management's Discussion and Analysis  
For the fiscal year ended June 30, 2023**

**Capital Asset Administration Continued:**

<u>Governmental Activities</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2023</u>
Office Equipment	\$ 373,855	\$ 5,687	\$ -	\$ 379,542
Less: accumulated depreciation	<u>(335,856)</u>	<u>(13,891)</u>	<u>-</u>	<u>(349,747)</u>
Governmental activities, capital assets, net	<u>\$ 37,999</u>	<u>\$ (8,204)</u>	<u>\$ -</u>	<u>\$ 29,795</u>
Right to Use Asset	\$ 54,299	-	-	\$ 54,299
Accumulated amortiation	<u>(2,466)</u>	<u>(10,118)</u>	<u>-</u>	<u>(12,584)</u>
	<u>\$ 51,833</u>	<u>\$ (10,118)</u>	<u>\$ -</u>	<u>\$ 41,715</u>

**Economic Factors and Next Year's Budget and Rates**

The Henderson City-County Planning Commission anticipates that the results of operations for the fiscal year ended June 30, 2024 will be comparable to that of the 2023 fiscal year.

Revenue and expenditures have been budgeted for the fiscal year 2023-2024. The total amount of the approved 2023-2024 budgeted revenues and expenditures is \$762,000. Compared to the 2022-2023 budget, the amount remains constant.

**Contacting Henderson City-County Planning Commission's Financial Management**

This financial report is designed to provide a general overview of the Henderson City-County Planning Commission's finances and to show accountability. If you have any questions about this report or require additional information, contact the Henderson City-County Planning Commission by telephone at (270) 831-1289, or by visiting 1990 Barrett Court, Suite C, Henderson, Kentucky 42420.

**Henderson City-County Planning Commission  
Statement of Net Position  
As of June 30, 2023**

	<b>Governmental Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<u>Current Assets:</u>	
Cash equivalents	\$ 194,719
Cash escrow-amount held for public improvement	133,120
Total Current Assets	327,839
<u>Capital Assets</u>	
Right of use asset	41,715
Office equipment	379,542
Less allowance for depreciation	(349,747)
Total Capital Assets	71,510
Total Assets	399,349
<u>Deferred Outflows of Resources:</u>	
Deferred outflows of resources	212,280
Total Deferred Outflows of Resources	212,280
Total Assets and Deferred Outflows of Resources	\$ 611,629
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<u>Current Liabilities:</u>	
Accounts payable	\$ 3,667
Accrued expenses	2,288
Amounts held for public improvement	133,120
Current portion-lease liability	10,118
Total Current Liabilities	149,193
<u>Long-term Liabilities:</u>	
Lease liability	31,456
Net pension liability	914,398
Net other post-employment benefits liability	249,590
Total Long-term Liabilities	1,195,444
Total Liabilities	1,344,637
<u>Deferred Inflows of Resources:</u>	
Deferred inflows of resources	141,476
Total Deferred Inflows of Resources	141,476
<u>Net Position:</u>	
Investment in capital assets	71,510
Unrestricted	(945,994)
Total Net Position	(874,484)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 611,629

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023**

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General and administrative	\$ 727,320	\$ -	\$ -	\$ -	\$ (727,320)
Depreciation and amortization	24,009	-	-	-	(24,009)
Total Governmental Activities	751,329	-	-	-	(751,329)
Total Planning Commission	\$ 751,329	\$ -	\$ -	\$ -	(751,329)
General Revenues:					
Intergovernmental					761,953
Interest income					339
Total general revenues					762,292
Change in net position					10,963
Net position, beginning of year					(885,447)
Net position, end of year					\$ (874,484)

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Balance Sheet - Governmental Funds  
As of June 30, 2023**

	<b>General Fund</b>
<b>Assets</b>	
<u>Current Assets:</u>	
Cash equivalents	\$ 194,719
Cash escrow-amount held for public improvement	133,120
Total Assets	\$ 327,839
<b>Liabilities and Fund Balance</b>	
<u>Current Liabilities:</u>	
Accounts payable	\$ 3,667
Accrued expenses	2,288
Amounts held for public improvement	133,120
Total Liabilities	139,075
<u>Fund Balance:</u>	
Unassigned	188,764
Total Fund Balance	188,764
Total Liabilities and Fund Balance	\$ 327,839

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Reconciliation of the Governmental Funds Balance  
to the Statement of Net Position  
As of June 30, 2023**

Total Fund Balance - Governmental Funds		\$ 188,764
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds:		
Right of use asset	41,715	
Office equipment	379,542	
Accumulated depreciation	<u>(349,747)</u>	71,510
Leased liabilities are not reflected in the fund financial statements		
Lease liability		(41,574)
Deferred outflows and inflows of resources shown in governmental activities apply to future periods, and therefore are not reported in governmental funds:		
Deferred outflows of resources	212,280	
Deferred inflows of resources	<u>(141,476)</u>	70,804
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:		
Net pension liability	(914,398)	
Net other post-employment benefits liability	<u>(249,590)</u>	<u>(1,163,988)</u>
Total Net Position - Governmental Activities		<u>\$ (874,484)</u>

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Fiscal Year Ended June 30, 2023**

	<b>General Fund</b>
<b><u>Revenues:</u></b>	
Intergovernmental	\$ 761,953
Interest income	339
Total Revenues	762,292
<b><u>Expenditures:</u></b>	
General and administrative	739,983
Capital outlays	5,688
Total Expenditures	745,671
Change in fund balance	16,621
Fund balance, beginning of year	172,143
<b>Fund balance, end of year</b>	<b>\$ 188,764</b>

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023**

Change in Fund Balance - Governmental Funds	\$	16,621
Difference between actuarially determined pension and OPEB expense and contributions to CERS:		
Actuarially determined pension expense	\$ 23,810	
Actuarially determined OPEB expense	<u>(21,230)</u>	2,580
Principal payment on lease obligation		10,084
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.:		
Capital outlay	\$ 5,687	
Depreciation and amortization expense	<u>(24,009)</u>	<u>(18,322)</u>
Change in Net Position - Governmental Activities	\$	<u><u>10,963</u></u>

The accompanying notes are an integral part of these financial statements.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

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

The more significant accounting policies of Henderson City-County Planning Commission (“Commission”) are as follows:

Reporting Entity

Henderson City-County Planning Commission (Commission) was created by authority of Chapter 100 of the Kentucky Revised Statutes and the agreement with the City of Henderson, County of Henderson, and City of Corydon. During the fiscal year ended June 30, 2008, the Henderson County GIS System merged their operations into the Henderson City-County Planning Commission. In connection with this merger, all assets were transferred to the Henderson City-County Planning Commission.

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Commission as a whole. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Commission and for each function or program of the Commission’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by recipients of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues of the Commission, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Commission.

Fund Financial Statements - Fund financial statements report detailed information about the Commission’s governmental funds. Separate statements for each fund category – governmental – are presented. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total resources measurement focus. The Commission has the following funds:

**Henderson City-County Planning Commission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Governmental Fund Types

The General Fund is used to account for the Commission's general government activities and consist of the Planning and GIS Funds which are combined for financial reporting purposes.

Fund Balances

The Commission classifies its governmental fund balances as follows:

*Unassigned* - This category represents the remainder of the governmental fund balances that do not belong to any other fund balance classification.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

The records of the Commission are maintained and the budgetary process is based on the modified accrual basis of accounting. The Commission is required by state law to adopt annual budgets for the General Fund.

For financial purposes, the accounting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. The financial statements of the governmental fund types are on the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets, typically within a period of 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Commission considers demand deposits, money market funds and other investments with an original maturity of 90 days or less, to be cash equivalents.

**Henderson City-County Planning Commission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Capital Assets

General capital assets are those assets not specifically related to activities reported in any proprietary funds. These assets generally result from expenditures in the governmental funds.

These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated capital assets are recorded at their fair market values as of the date received. It is the policy of the Commission to capitalize equipment and fixtures with a cost greater than \$1,000. The Commission does not possess any infrastructure.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for general capital assets:

Technology equipment	5 years
Furniture and fixtures	7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Net Position

Net position presents the difference between assets, liabilities, and deferred outflows and inflows of resources in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by legislation or external restrictions by creditors, grantors, laws, or regulations of any government. The Commission intends to consider its accumulated unrestricted net position for determining fees charged and enhancement of services.

Funding

The Commission receives appropriations to cover expenses from the City of Henderson, the County of Henderson, and the City of Corydon. These appropriations are received for comprehensive planning for the Commission, subdivision regulation enforcement, management of county-wide GIS system, establishing new addresses for a 911 emergency system, and D-Firm. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position which applies to future periods, and so, will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents and acquisition of net position which applies to future periods, and so will not be recognized as in inflow (revenue) until that time.

Income Taxes

The Commission is exempt from federal and state income tax under Section 501 of the Internal Revenue Code as the Commission is an arm of the government of Henderson County, Kentucky.

Adoption of GASB No. 87 Leases

The Commission adopted GASB No. 87 Leases, during the fiscal year ended June 30, 2022. The statement establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The adoption of the standard did not have a material impact on the net position of the Commission. (Refer to Note 7).

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies, continued**

Budget and Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30<sup>th</sup>, Commission staff obtain estimates in order to prepare the proposed operating budget.
2. Prior to June 30<sup>th</sup>, Commission staff submit to the Commission Finance Committee a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
3. Prior to July 1<sup>st</sup>, the budget is enacted through the approval of the Commission and participating local units of government.
4. The Commission Chairman is authorized to transfer budgeted amounts to the City and County of Henderson; however, any revisions that alter the total expenditures of any fund must be approved by the Commission. Therefore, the level of control on budgetary items is maintained at the operations level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.

**Note 2 - Cash and Cash Equivalents**

The Commission has the responsibility of selecting depositories and investing idle funds for the Commission's monies. The Commission's policy is to limit deposits to insured and/or collateralized demand deposits accounts and certificates of deposits.

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned or that the Commission will not be able to recover collateral securities in the possession of an outside party. As of June 30, 2023, the Commission's book and bank balances were \$327,839 and \$334,247, respectively. None of the Commission's bank balances were exposed to significant custodial credit risk due to federal deposit insurance of \$250,000 and United States Government securities pledged by the Commissions' depository institution.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 3 - Excess Contributions**

The operating agreement between the Commission and the City of Henderson, County of Henderson, and City of Corydon states in part “all costs incurred by the Commission, not met by Federal and/or State monies shall be paid by the participating cities and county” as follows:

City of Corydon	\$1,000 per year
City of Henderson	50% of balance
County of Henderson	50% of balance

In accordance with the terms of this agreement the excess amount due is represented by the excess income received by the Commission over expenditures made by the Commission less a permitted retention for the completion of a project in progress.

**Note 4 - Amounts Held for Public Improvement**

During the year, the Commission collected from developer’s funds which were in lieu of bonds or letters of credit. The Commission’s regulations require these funds be held until the developer completes and receives acceptance of all public improvements required in the approved development. These funds may be refunded to the developer or used to pay for any necessary public improvements.

**Note 5 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

Governmental Activities	Balance at June 30, 2022	Additions	Disposals	Balance at June 30, 2023
Office Equipment	\$ 373,855	\$ 5,687	\$ -	\$ 379,542
Less: accumulated depreciation	(335,856)	(13,891)	-	(349,747)
Governmental activities, capital assets, net	\$ 37,999	\$ (8,204)	\$ -	\$ 29,795
Right to Use Asset	\$ 54,299	-	-	\$ 54,299
Accumulated amortiation	(2,466)	(10,118)	-	(12,584)
	\$ 51,833	\$ (10,118)	\$ -	\$ 41,715

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans**

**General Information about the Pension Plan**

*Plan description:* All eligible Commission employees participate in the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the CERS Board of Trustees. CERS consists of two plans – Non-Hazardous and Hazardous. Commission employees participate in the Non-Hazardous plan only. Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

*Benefits provided:* CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement Systems Board of Trustees.

*Cost of Living Adjustment (COLA):* Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

*Contributions:* Tier 1 plan members, who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% of their annual creditable compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 25 USC Section 401(h) in the Pension Fund. These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are 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 account. Members contribute 5% of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Kentucky Retirement System Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

Interest is paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The Commission is required to contribute at an actuarially determined rate. As of June 30, 2023, the Commission's required contribution rate was 23.40% of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by the CERS Board of Trustees. Contributions to CERS from the Commission were \$85,988 for the year ended June 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the Commission reported a liability of \$914,398 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled-forward using generally accepted actuarial principles. The Commission's proportion of the collective net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Commission's proportion was 0.012649%, which was a decrease of 0.000701% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of \$62,179. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 978	\$ 8,143
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	23,442	-
Changes in proportion and differences between Commission contributions and proportional share of contributions	1,587	30,825
Commission contributions subsequent to the measurement date	<u>85,988</u>	<u>n/a</u>
Total	<u>\$ 111,995</u>	<u>\$ 38,968</u>

Of the total amount reported as deferred outflows of resources related to pensions, Commission contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the Commission's pension expense as follows:

<b><u>Year ended June 30:</u></b>	<b><u>Amount</u></b>
2024	\$ (16,536)
2025	(14,717)
2026	(7,684)
2027	25,976
2028	-
Thereafter	-

*Actuarial assumptions:* There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2012. The total pension liability as of June 30, 2022, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.28%</b>
<b>Long Term Inflation Assumption</b>		<b>2.30%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>6.58%</b>

*Discount rate:* The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

*Sensitivity of the Commission's proportionate share of the collective net pension liability to changes in the discount rate:* The following presents the Commission's proportionate share of the collective net pension liability calculated using the discount rate of 6.25%, as well as what the Commission's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

	<b>1.00% Decrease (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>1.00% Increase (7.25%)</b>
Commission's proportionate share of the collective net pension liability as June 30, 2022	\$ 1,142,884	\$ 914,398	\$ 725,421

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

**Postemployment Benefits Other Than Pensions (OPEB)  
General Information about the OPEB Plan**

*Plan description:* In addition to the pension benefits described above, Kentucky Public Pensions Authority provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit plan. The Insurance Fund was established by KRS 61.701 to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). The responsibility for the general administration and operation of the Insurance Fund is vested with the KRS and CERS Boards of Trustees.

*Benefits Provided:* The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2022 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$24.0 million and \$3.7 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2021, insurance premiums withheld from benefit payments for members of CERS were \$24.3 million and \$3.3 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

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

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of

**Henderson City-County Planning Commission**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes.

This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

*Contributions:* The Commission is required to contribute at an actuarially determined rate. As of June 30, 2023, the Commission's required contribution rate was 3.39% of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by the CERS Board of Trustees. Contributions to the Insurance Fund from the Commission were \$12,457 for the year ended June 30, 2023, which does not include implicit subsidies reported in the amount of \$8,999. As described above, Tier 2 and Tier 3 employees contribute 1% of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the Commission reported a liability of \$249,590 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled-forward using generally accepted actuarial principles. The Commission's proportion of the collective net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Commission's proportion was 0.012647%, which was a decrease of 0.000700% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$33,687. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,123	\$ 57,237
Changes of assumptions	39,474	32,527
Net difference between projected and actual investment earnings on pension plan investments	10,130	-
Changes in proportion and differences between Commission contributions and proportional share of contributions	4,102	12,744
Implicit subsidy	8,999	n/a
Commission contributions subsequent to the measurement date	12,457	n/a
Total	\$ 100,285	\$ 102,508

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and Commission contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Commission's OPEB expense as follows:

<b><u>Year ended June 30:</u></b>	<b><u>Amount</u></b>
2024	\$ (1,600)
2025	(2,624)
2026	(18,118)
2027	(1,337)
2028	-
Thereafter	-

*Actuarial assumptions:* The total OPEB liability as of June 30, 2022, was determined using the following updated assumptions:

Inflation	2.30%	
Payroll Growth Rate	2.00%	
Salary Increases	3.30% to 10.30%, varies by service	
Investment Rate of Return	6.25%	
Healthcare Trend Rates		
Pre-65		Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65		Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 2090 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates or arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
<b>Fixed Income</b>	<b>20.00%</b>	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	(0.91)%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>5.00%</b>
<b>Long Term Inflation Assumption</b>		<b>2.30%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.30%</b>

The fully-insured premiums Kentucky Public Pensions Authority pays for the CERS Health Insurance Plan are blended rates based on the combined experience of active and retired members. Because

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 6 - Retirement Plans, continued**

the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

*Discount rate:* A single discount rate of 5.70% was used to measure the total OPEB liability as of June 30, 2022. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

*Sensitivity of the Commission's proportionate share of the collective net OPEB liability to changes in the discount rate:* The following presents the Commission's proportionate share of the collective net OPEB liability calculated using the discount rate of 5.70%, as well as what the Commission's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.70%) or one percentage point higher (6.70%) than the current rate:

	<b>1.00% Decrease (4.70%)</b>	<b>Current Discount Rate (5.70%)</b>	<b>1.00% Increase (6.70%)</b>
Commission's proportionate share of the collective net OPEB liability as of June 30, 2022	\$ 333,662	\$ 249,590	\$ 180,091

*Sensitivity of the Commission's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates:* The following presents the Commission's proportionate share of the collective net OPEB liability, as well as what the Commission's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<b>1.00% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1.00% Increase</b>
Commission's proportionate share of the collective net OPEB liability as of June 30, 2022	\$ 185,565	\$ 249,590	\$ 326,473

*OPEB plan fiduciary net position:* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 7 - Leases**

The Commission executed a lease with the City of Henderson for office space April 1, 2012. The lease term was for 5 years and was renewed on March 31, 2017 for an additional 5 years ending March 31, 2022. The lease was renewed April 1, 2022 for an additional five years through March 31, 2027. The current lease has been accounted for in accordance with Governmental Accounting Standards Board No. 87 *Leases*.

The Commission entered into a lease agreement with the City of Henderson, Kentucky having a term of April 1, 2022 through March 31, 2027. The lease, also, includes options to renew for an additional five years. Monthly payments required under the lease are \$1,000 per month.

The right of use asset represents the Commission's right to use an underlying asset during the lease term and the lease liability represents the Commission's obligation to make lease payments arising from the lease agreement. Right of use assets and lease liabilities are recognized at the commencement date based on the net present value of fixed lease payments over the lease term.

The Commission uses an incremental borrowing rate (4%) based on publicly available information available as of the commencement date in the determination of the net present value of the lease payments. The right of use asset is being amortized on a straight-line basis over the term of the lease.

The aggregate future minimum rental payments required under the lease as of June 30, 2023, are as follows:

	Principle	Interest	Total
2024	\$ 10,528	\$ 1,472	\$ 12,000
2025	10,956	1,044	12,000
2026	11,400	600	12,000
2027	8,853	147	9,000
Total lease payments			\$ 45,000
Less imputed interest			(3,426)
Present value lease liability			\$ 41,574

The obligation is presented on the statement of net position as follows:

Lease liability-current portion	\$ 10,118	
Lease liability- long term portion	31,456	
		\$ 41,574

Expenses relating to lease activities were as follows for the year ended June 30, 2023:

Operating lease expense	\$ -	
Operating lease interest	1,916	
Operating lease amortization	10,084	
		\$ 12,000

**Henderson City-County Planning Commission  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2023**

**Note 8 - Risk Management**

The Commission is exposed to various risks of loss related to torts, theft and natural disasters. The Commission carries insurance against these types of risks. There have been no claims filed against the Commission in any of the three previous years.

**Note 9 - Deficit Net Position**

The Commission reported a deficit in total net position of \$874,484, which is due to the Commission's share of the unfunded pension and other post-employment benefits liabilities.

**Note 10 - Subsequent Events**

Subsequent events related to the Commission have been evaluated through November 28, 2023, the date these financial statements were made available.

**Henderson City-County Planning Commission  
Schedule of Budgeted to Actual Comparison  
For the fiscal year ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
<b>Revenues:</b>			
City of Henderson	\$ 380,451	\$ 380,451	\$ -
County of Henderson	380,451	380,451	-
City of Corydon	1,051	1,000	51
Interest income	339	-	339
Total Revenues	<u>762,292</u>	<u>761,902</u>	<u>390</u>
<b>Expenditures:</b>			
Advertising	2,176	2,000	176
Auto expense	2,219	2,000	219
Books and maps	573	1,500	(927)
Contract services	30,097	37,500	(7,403)
Dues and meetings	3,821	8,050	(4,229)
Educational costs	320	1,000	(680)
Employee assistance	-	110	(110)
Equipment maintenance	4,523	5,000	(477)
Health insurance	80,768	65,616	15,152
House Bill 1	-	500	(500)
Liability insurance	11,312	14,000	(2,688)
Life insurance	220	900	(680)
Meeting and miscellaneous expense	1,113	2,000	(887)
Member reimbursements	8,650	8,000	650
Office expense	3,278	2,500	778
Payroll taxes	28,111	28,111	-
Postage	1,492	1,500	(8)
Printing	2,792	3,000	(208)
Professional services	21,296	29,000	(7,704)
Rent	12,000	12,000	-
Retirement	98,445	98,445	-
Salaries - regular	367,469	367,470	(1)
Software maintenance	49,500	49,500	-
Telephone	4,192	7,300	(3,108)
Travel	4,600	5,500	(900)
Unemployment Insurance	-	800	(800)
Workmen's compensation insurance	1,016	1,600	(584)
Capital outlay	5,688	7,000	(1,312)
Total Expenditures	<u>745,671</u>	<u>761,902</u>	<u>(16,231)</u>
Excess revenues due to PC to put into Reserve Account	<u>\$ 16,621</u>	<u>\$ -</u>	<u>\$ (16,621)</u>

See Independent Auditor's Report.

**Henderson City-County Planning Commission  
Schedule of the Commission's Proportionate Share of the Collective Net Pension Liability  
County Employees' Retirement System Pension Plan  
As of the Measurement Date for the Last Ten Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Commission's proportion of the collective net pension liability	0.012649%	0.013350%	0.013375%	0.012976%	0.012743%	0.012512%	0.012321%	0.013887%	0.016627%
Commission's proportionate share of the collective net pension liability	\$ 914,398	\$ 851,167	\$ 1,025,851	\$ 912,608	\$ 776,088	\$ 732,366	\$ 606,659	\$ 597,088	\$ 539,000
Commission's covered-employee payroll	\$ 349,769	\$ 340,995	\$ 342,601	\$ 327,306	\$ 315,835	\$ 304,631	\$ 293,929	\$ 312,855	\$ 390,415
Commission's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	261.43%	249.61%	299.43%	278.82%	245.73%	240.41%	206.40%	190.85%	138.06%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

\*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson City-County Planning Commission  
Schedule of Commission Contributions to the Pension Plan  
County Employees' Retirement System Pension Plan  
For the Last Ten Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 85,988	\$ 74,046	\$ 65,812	\$ 66,122	\$ 53,089	\$ 45,733	\$ 42,496	\$ 36,506	\$ 39,889
Contributions in relation to the statutorily required contribution	<u>(85,988)</u>	<u>(74,046)</u>	<u>(65,812)</u>	<u>(66,122)</u>	<u>(53,089)</u>	<u>(45,733)</u>	<u>(42,496)</u>	<u>(36,506)</u>	<u>(39,889)</u>
Contribution deficiency (excess)	<u>\$ -</u>								
Commission's covered-employee payroll	\$ 367,470	\$ 349,769	\$ 340,995	\$ 342,601	\$ 327,306	\$ 315,835	\$ 304,631	\$ 293,929	\$ 312,855
Contributions as a percentage of covered-employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

\*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson City-County Planning Commission  
Schedule of the Commission's Proportionate Share of the Collective Net OPEB Liability  
County Employees' Retirement System OPEB Plan  
As of the Measurement Date for the Last Ten Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commission's proportion of the collective net OPEB liability	0.012647%	0.013347%	0.013371%	0.012972%	0.012743%	0.012512%
Commission's proportionate share of the collective net OPEB liability	\$ 249,590	\$ 255,522	\$ 322,869	\$ 218,183	\$ 226,249	\$ 251,534
Commission's covered-employee payroll	\$ 349,769	\$ 340,995	\$ 342,601	\$ 327,306	\$ 315,835	\$ 304,631
Commission's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.36%	74.93%	94.24%	66.66%	71.64%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%

\*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson City-County Planning Commission  
Schedule of Commission Contributions to the OPEB Plan  
County Employees' Retirement System OPEB Plan  
For the Last Ten Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 12,457	\$ 20,217	\$ 16,231	\$ 16,308	\$ 17,216	\$ 11,770
Contributions in relation to the statutorily required contribution	<u>(12,457)</u>	<u>(20,217)</u>	<u>(16,231)</u>	<u>(16,308)</u>	<u>(17,216)</u>	<u>(11,770)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Commission's covered-employee payroll	\$ 367,470	\$ 349,769	\$ 340,995	\$ 342,601	\$ 327,306	\$ 315,835
Contributions as a percentage of covered-employee payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

\*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Henderson City-County Planning Commission  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023**

**Pension Plan**

*Changes of benefit terms:* During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final pay rate to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of member's final pay to 50% of average pay for one child, 65% over average pay for two children, of 75% of average pay for three children. The Total Pension Liability beginning June 30, 2018 is determined using these updated benefit provisions.

*Changes of assumptions:* In the June 30, 2019, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	0.75%	0.75%	1.00%
Salary Increases	3.30% to 10.30%	3.05%	4.00%	4.50%
Investment Rate of Return	6.25%	6.25%	7.50%	7.75%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

See Independent Auditor's Report.

**Henderson City-County Planning Commission  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023**

**Other Postemployment Benefits Plan**

*Changes of benefit terms:* Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 2090 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The Total OPEB Liability beginning June 30, 2018 is determined using these updated benefit provisions.

*Changes of assumptions:* In the June 30, 2019 actuarial valuation, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>
Inflation	2.30%	2.30%
Payroll Growth	2.00%	0.75%
Salary Increases	3.30% to 10.30%	3.05%
Investment Rate of Return	6.25%	6.25%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

See Independent Auditor's Report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Henderson City- County  
Planning Commission  
Henderson, Kentucky

We have audited, in accordance with the 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 financial statements of the governmental activities and major fund of the Henderson City-County Planning Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Henderson City-County Planning Commission's basic financial statements, and have issued our report thereon dated November 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Henderson City-County Planning Commission's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Henderson City-County Planning Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Henderson City County Planning Commission'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 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses we consider to be a significant deficiency. (2023-01)

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Henderson City-County Planning Commission's financial statements are free from 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Henderson County Planning Commission's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*ATA CPAs + Advisors PLLC*

Henderson, Kentucky  
November 28, 2023

**Henderson City-County Planning Commission  
Schedule of Findings and Responses  
June 30, 2023**

**2023-01- Control Risk Due to Lack of Segregation of Duties (Repeat)**

**Condition:**

Due to a limited number of personnel employed within the Commission's accounting area, incompatible functions are often performed by the same individual and a high degree of trust in employees is necessitated. Ideally, each key step of the accounting process should be segregated among employees. However, this is not always feasible due to the costs versus benefit relationship of providing internal control. In the process of segregating functions among employees, management must continually make decisions relating to the applicable cost in comparison to the expected benefits to be achieved.

**Cause:**

It is not cost beneficial to hire additional staff solely for the purpose of segregating incompatible duties.

**Criteria:**

Internal controls should be in place that provide reasonable assurance that accounting transactions (receipts and disbursement of funds) are properly recorded and authorized.

**Effect:**

Because of a lack of segregation of duties involving key steps in the accounting system, transactions may occur that are not properly recorded, or authorized.

**Management Response:**

While the Commission concurs with the finding, it is not feasible from an economic perspective to add additional personnel. Management and those charged with governance will continue to provide strong oversight to the Commission's operations.

**Corrective Action:**

None warranted.