

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

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



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Jerry Gilliam, Christian County Judge/Executive
Members of the Christian 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 Christian County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Christian County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Christian 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 Christian 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 Christian County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Christian 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

Christian 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 Christian 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Christian County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
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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 Christian 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the Christian 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 Christian 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 Christian County Fiscal Court Had Inadequate Controls Over Disbursements, Resulting In Noncompliance
- 2023-002 The Christian County Fiscal Court Did Not Have Adequate Controls Over The Procurement, Suspension, and Debarment Compliance Requirement On Federal Expenditures

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

November 20, 2023

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

Steve Tribble	County Judge/Executive - 7/1/22 to 1/2/23
Jerry Gilliam	County Judge/Executive - 1/2/23 to 6/30/23
Mark Wells	Magistrate - 7/1/22 to 1/2/23
Mark Cansler	Magistrate - 7/1/22 to 1/2/23
Darrell Gustafson	Magistrate - 7/1/22 to 1/2/23
Jerry Gilliam	Magistrate - 7/1/22 to 1/2/23
Terry Bowan	Magistrate - 7/1/22 to 1/2/23
Josh Turner	Magistrate - 1/2/23 to 6/30/23
George Barnett	Magistrate - 1/2/23 to 6/30/23
J.E. Pryor	Magistrate - 1/2/23 to 6/30/23
Russ Guffey	Magistrate - 1/2/23 to 6/30/23
John Bruce	Magistrate - 1/2/23 to 6/30/23
Magaline Ferguson	Magistrate
Rich Liebe	Magistrate
Phillip Peterson	Magistrate

Other Elected Officials:

John Soyars	County Attorney - 7/1/22 to 1/2/23
Lincoln Foster	County Attorney - 1/2/23 to 6/30/23
Brad Hewell	Jailer - 7/1/22 to 1/2/23
Adam Smith	Jailer - 1/2/23 to 6/30/23
Mike Kem	County Clerk - 7/1/22 to 1/2/23
Melinda Humphries	County Clerk - 1/2/23 to 6/30/23
Paige Parker	Circuit Court Clerk
Tyler DeArmond	Sheriff
Angie Strader	Property Valuation Administrator
Scott Daniel	Coroner

Appointed Personnel:

Walter Cummings	County Treasurer
Ruth Mason	Assistant County Treasurer
Misty Glover	Chief Financial Officer - 7/1/22 to 12/31/22
Shanon DeArmond	Chief Financial Officer - 1/1/23 to 6/30/23

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

For The Year Ended June 30, 2023

CHRISTIAN 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	Local Government Economic Assistance Fund	E911 Fund
RECEIPTS					
Taxes	\$ 9,480,065	\$	\$	\$	\$ 86,414
In Lieu Tax Payments	162,759				
Excess Fees	1,872,186				
Licenses and Permits	144,960				
Intergovernmental	1,700,611	2,609,392	6,877,297	240,671	431,795
Charges for Services	316,130		319,794		
Miscellaneous	923,247	14,420	248,586		
Interest	437,596	16,152	13,444	4,677	43,383
Total Receipts	<u>15,037,554</u>	<u>2,639,964</u>	<u>7,459,121</u>	<u>245,348</u>	<u>561,592</u>
DISBURSEMENTS					
General Government	3,737,266				
Protection to Persons and Property	758,468		6,423,153		557,291
General Health and Sanitation	778,156				
Social Services	172,776				
Recreation and Culture	803,084				
Roads		2,887,648		113,020	
Airports	38,000				
Debt Service					
Capital Projects	703,566	69,313			
Administration	4,336,695	490,029	1,789,725		
Total Disbursements	<u>11,328,011</u>	<u>3,446,990</u>	<u>8,212,878</u>	<u>113,020</u>	<u>557,291</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,709,543</u>	<u>(807,026)</u>	<u>(753,757)</u>	<u>132,328</u>	<u>4,301</u>
Other Adjustments to Cash (Uses)					
Lease Premium					
Financing Obligation Proceeds	176,547				
Transfers From Other Funds	76,603	765,607	741,574		
Transfers To Other Funds	(2,162,728)		(59,064)		
Total Other Adjustments to Cash (Uses)	<u>(1,909,578)</u>	<u>765,607</u>	<u>682,510</u>		
Net Change in Fund Balance	1,799,965	(41,419)	(71,247)	132,328	4,301
Fund Balance - Beginning (Restated)	7,852,237	189,132	301,465	23,809	949,862
Fund Balance - Ending	<u>\$ 9,652,202</u>	<u>\$ 147,713</u>	<u>\$ 230,218</u>	<u>\$ 156,137</u>	<u>\$ 954,163</u>
Composition of Fund Balance					
Bank Balance	\$ 11,412,688	\$ 150,753	\$ 318,580	\$ 156,480	\$ 1,104,538
Plus: Deposits In Transit	499				
Less: Outstanding Checks	(1,760,985)	(3,040)	(88,362)	(343)	(150,375)
Fund Balance - Ending	<u>\$ 9,652,202</u>	<u>\$ 147,713</u>	<u>\$ 230,218</u>	<u>\$ 156,137</u>	<u>\$ 954,163</u>

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

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

Budgeted Funds		Unbudgeted Funds			Internal Service Fund	
General Obligation Bond Fund	American Rescue Fund	Industrial Development Authority Revolving Loan Fund	Public Courthouse Corporation Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
\$	\$	\$	\$	\$	\$ 9,566,479	\$
					162,759	
					1,872,186	
					144,960	
			1,378,625		13,238,391	
					635,924	
		72,609		1,154,574	2,413,436	2,626,424
4,966	511,640	22,596	255	36,428	1,091,137	15,917
4,966	511,640	95,205	1,378,880	1,191,002	29,125,272	2,642,341
					3,737,266	
					7,738,912	
					778,156	
					172,776	
				1,644,474	2,447,558	
					3,000,668	
					38,000	
962,728			1,438,200		2,400,928	
	3,266,098				4,038,977	
		275,100	1,250		6,892,799	3,075,309
962,728	3,266,098	275,100	1,439,450	1,644,474	31,246,040	3,075,309
(957,762)	(2,754,458)	(179,895)	(60,570)	(453,472)	(2,120,768)	(432,968)
20,000					20,000	
430,000					606,547	
1,021,792			59,064		2,664,640	
(59,064)	(382,780)		(1,004)		(2,664,640)	
1,412,728	(382,780)		58,060		626,547	
454,966	(3,137,238)	(179,895)	(2,510)	(453,472)	(1,494,221)	(432,968)
2,272	13,740,237	607,687	2,510	1,149,454	24,818,665	801,975
\$ 457,238	\$ 10,602,999	\$ 427,792	\$	\$ 695,982	\$ 23,324,444	\$ 369,007
\$ 528,486	\$ 11,369,423	\$ 427,792	\$	\$ 727,755	\$ 26,196,495	\$ 368,600
					499	407
(71,248)	(766,424)			(31,773)	(2,872,550)	
\$ 457,238	\$ 10,602,999	\$ 427,792	\$ 0	\$ 695,982	\$ 23,324,444	\$ 369,007

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

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**CHRISTIAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

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

CHRISTIAN 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)

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.

E911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary sources of receipts for this fund are the 911 telephone surcharges.

General Obligation Bond Fund - The purpose of this fund is to account for debt service requirements of the general obligation bond refunding bonds. The primary sources of receipts for this fund are transfers from other funds.

American Rescue Fund - The primary purpose of this fund is to account for Coronavirus State and Local Fiscal Recovery Funds grant and related disbursements. The primary sources of receipts for this fund are from the federal grant.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Industrial Development Authority Revolving Loan Fund - The primary purpose of this fund is to account for the activities of the Christian County Industrial Development Authority. Activity of this fund includes repayment of small business loans made by the fund. On November 12, 2003, the Department for Local Government approved an ordinance allowing this activity.

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

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

The fiscal court reports the following internal service fund:

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

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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 courthouse corporation fund or the industrial development authority revolving loan fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Christian County Elected Officials

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

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

F. Deposits and Investments

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Jointly Governed Organizations

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Christian County Fiscal Court:

Hopkinsville-Christian County Convention & Visitors Bureau
 Hopkinsville-Christian County Economic Development Council
 Hopkinsville-Christian County Senior Citizens, Inc.
 Hopkinsville-Christian County Planning Commission
 Hopkinsville-Christian County Ambulance Service
 Hopkinsville-Christian County Public Library
 Hopkinsville-Christian County Airport Board
 Hopkinsville-Christian County Communication Center

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	Jail Fund	American Rescue Fund	General Obligation Bond Fund	Public Courthouse Corporation Fund	Total Transfers In
General Fund	\$	\$	\$ 75,599	\$	\$ 1,004	\$ 76,603
Road Fund	700,000		65,607			765,607
Jail Fund	500,000		241,574			741,574
General Obligation Bond Fund	962,728	59,064				1,021,792
Public Courthouse Corporation				59,064		59,064
Total Transfers Out	<u>\$ 2,162,728</u>	<u>\$ 59,064</u>	<u>\$ 382,780</u>	<u>\$ 59,064</u>	<u>\$ 1,004</u>	<u>\$ 2,664,640</u>

Reason for transfers:

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial funds:

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 \$177,274.

Escrow Fund - This fund accounts for stale dated checks held on behalf of the county clerk's office. The beginning balance as of July 1, 2022, was \$6,905. There were \$17,907 in receipts and \$0 in disbursements during the fiscal year, leaving a balance of \$24,812 as of June 30, 2023. When statutorily required, the county will turn over escrowed funds to the Kentucky State Treasurer as unclaimed property in compliance with KRS 393A.

Note 5. Leases

A. Carnegie Library

On January 1, 2021, Christian County began leasing the Library building in Hopkinsville, Kentucky, to Hopkinsville Carnegie Library, Inc. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, unless either party gives the other at least 90 days written notice of its intent not to renew the lease. Christian County recognized \$1 in lease revenue during the current fiscal year related to this lease.

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

Note 5. Leases (Continued)

B. Alhambra Theatre

On July 1, 2021, Christian County began leasing the theater portion of the Christian County Courthouse Annex commonly referred to as the Alhambra Theatre to the Pennyroyal Arts Council, Inc. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, unless either party gives the other at least 90 days written notice of its intent not to renew the lease. Christian County recognized \$1 in lease revenue during the current fiscal year related to this lease.

C. Courthouse Annex

On July 1, 2021, Christian County began leasing the Courthouse Annex to the Unified Prosecutorial System. The lease is for three years and Christian County will receive monthly payments of \$1,884. Christian County recognized \$22,608 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, Christian County's receivable for lease payments was \$22,608.

D. Tractors

On May 31, 2021, Christian County entered into a three-year lease agreement as lessee for the use of two tractors. A lease liability was recorded in the amount of \$27,200 during the current fiscal year, which is the annual payment due. As of June 30, 2023, the value of the remaining lease liability was \$27,200.

Note 6. Receivables

- A. On June 1, 2019, the fiscal court loaned the Hopkinsville Industrial Foundation, Inc. \$250,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate a ten-year repayment schedule at 1.5 percent interest. As of June 30, 2023, principal balance due was \$148,304.
- B. On January 8, 2019, the fiscal court loaned the Hopkinsville Christian County Airport Board \$300,000, for the purpose of financing the construction of ten hangars at the Hopkinsville Christian County Airport. Terms of the agreement stipulate a twelve-year repayment schedule at 1.5 percent interest. As of June 30, 2023, principal balance due was \$201,456.
- C. On June 2, 2020, the fiscal court loaned the New Horizon Scholar House of Hopkinsville, LLLP \$15,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate a five-year repayment schedule at 3 percent interest. As of June 30, 2023, principal balance due was \$6,271.
- D. On June 2, 2020, the fiscal court loaned the New Horizon Scholar House of Hopkinsville, LLLP \$10,000, for the purpose of making improvements to real estate. Terms of the agreement stipulate that no principal or interest payments are due until September 1, 2025, in which the full principal amount is due. As of June 30, 2023, the principal balance due was \$10,000.
- E. On March 15, 2023, the fiscal court loaned the Hopkinsville Christian County Airport Board \$275,000 for the purpose of financing the construction of ten hangars at the Hopkinsville Christian County Airport. Terms of agreement stipulate a 12 year repayment schedule at 3 percent interest. As of June 30, 2023, principal balance due was \$270,219.

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Sheriff's Vehicle – 2019

On February 21, 2019, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$146,776 at a 4.05 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2023. The principal balance was paid in full on January 20, 2023.

2. Sheriff's Vehicle – 2020

On July 8, 2020, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$133,148 at a 3.41 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2024. The balance of the financing obligation at June 30, 2023, was \$34,345. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 34,345	\$ 1,125
Totals	<u>\$ 34,345</u>	<u>\$ 1,125</u>

3. Sheriff's Vehicle – 2021

On June 2, 2021, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$268,392 at a 2.38 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2025. The balance of the financing obligation at June 30, 2023, was \$135,934. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 67,301	\$ 3,235
2025	<u>68,633</u>	<u>1,633</u>
Totals	<u>\$ 135,934</u>	<u>\$ 4,868</u>

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. Sheriff's Vehicle – 2023

On November 22, 2022, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of \$176,547 at a 3.74 percent effective interest rate. The financing obligation was used to purchase vehicles for the Christian County Sheriff's Department. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is January 20, 2026. The balance of the financing obligation at June 30, 2023, was \$115,257. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 37,017	\$ 4,311
2025	38,402	2,926
2026	39,838	1,490
Totals	<u>\$ 115,257</u>	<u>\$ 8,727</u>

5. Convention Center Lease

On March 19, 2019, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$981,000 at a 2 percent effective interest rate. The financing obligation was used for the construction of an addition at the convention center. The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the project may be sold or re-leased, or a suit may be filed. The maturity date of the obligation is June 1, 2034. The balance of the financing obligation at June 30, 2023, was \$781,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 55,000	\$ 32,272
2025	60,000	29,385
2026	60,000	26,234
2027	65,000	23,084
2028	70,000	19,672
2029-2033	385,000	55,446
2034	86,000	3,384
Totals	<u>\$ 781,000</u>	<u>\$ 189,477</u>

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

6. Library Project Lease

On March 9, 2023, the fiscal court entered into an agreement with the Kentucky Association of Counties Finance Corporation in the sum of \$430,000 at a 4.06 percent effective interest rate. The financing obligation was used for the acquisition, construction, installation and equipping of a new office building for the benefit of the Hopkinsville-Christian County Public Library.

The agreement is secured by the project. Upon the happening and continuance of any event of default as defined in the agreement, the lessor may take legal title to the project and sell or re-lease it, may levy a tax on the lessee in an amount sufficient to pay the lease rental payment when and as due, or a suit may be filed to enforce its rights in and to the project or to enforce performance by the lessee of the applicable covenants and agreements under the lease. The maturity date of the obligation is December 20, 2042. The balance of the financing obligation at June 30, 2023, was \$430,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 15,000	\$ 22,085
2025	15,000	21,418
2026	15,000	20,631
2027	15,000	19,844
2028	15,000	19,056
2029-2033	90,000	82,305
2034-2038	120,000	54,517
2039-2043	145,000	19,827
Totals	<u>\$ 430,000</u>	<u>\$ 259,683</u>

B. Other Debt

1. General Obligation Refunding Bonds, Series 2011

On November 30, 2011, the fiscal court issued General Obligation Refunding Bonds, Series 2011, in the amount of \$3,785,000. The proceeds were used to refinance financing obligations with the Kentucky Association of Counties Leasing Trust Program for the Energy Conservation Project in the amount of \$2,210,000 and the jail renovation in the amount of \$1,575,000. The bonds bear interest of 2.00 percent to 3.125 percent. The maturity date of the bonds is February 1, 2027. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2023, the balance of these bonds was \$650,000. Annual debt service requirements to maturity for the bonds are as follows:

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

1. General Obligation Refunding Bonds, Series 2011 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 155,000	\$ 19,919
2025	160,000	15,268
2026	165,000	10,469
2027	170,000	5,313
Totals	<u>\$ 650,000</u>	<u>\$ 50,969</u>

2. General Obligation Bonds Series 2017

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2017, in the amount of \$7,845,000. The proceeds were used to provide funds for the completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 3.00 percent to 4.00 percent. The maturity date of the bonds is December 1, 2037. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2023, the balance of these bonds was \$7,845,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$	\$ 258,700
2025	365,000	251,400
2026	465,000	234,800
2027	480,000	215,900
2028	500,000	196,300
2029-2033	2,790,000	703,575
2034-2038	3,245,000	249,225
Totals	<u>\$ 7,845,000</u>	<u>\$ 2,109,900</u>

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

3. General Obligation Bonds Series 2018

On December 28, 2017, the fiscal court issued General Obligation Bonds, Series 2018, in the amount of \$2,545,000. The proceeds were used to provide funds for the remaining costs of completion of a New Public Safety Building, Alhambra Theater Rehabilitation, Museum Rehabilitation, and Sportsplex Project. The bonds bear interest of 2.00 percent. The maturity date of the bonds is December 1, 2024. The basic security for the general obligation debt of the county including the bonds is the county's ability to levy, and is pledged to levy, an annual tax to pay the interest on and principal of the bonds as and when the same become due and payable. The constitution of the state mandates the collection of a tax sufficient to pay the interest of an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. As of June 30, 2023, the balance of these bonds was \$510,000. Annual debt service requirements to maturity for the bonds are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 430,000	\$ 5,900
2025	80,000	800
Totals	<u>\$ 510,000</u>	<u>\$ 6,700</u>

4. Revenue Refunding Bonds, Series 2007

The Christian County Public Courthouse Corporation (Corporation) was established by the fiscal court to act as the agency and instrumentality of the fiscal court in acquiring, developing, and financing public improvements and public projects. The Corporation issued its Christian County Public Courthouse Corporation Lease Revenue Bonds (District Court Facility Project), Series 2000, dated November 1, 2000, (the Series 2000 Bonds) for the purpose of acquiring, constructing, and furnishing a court facility and the completion of the renovation and improvement of the Christian County Corrections Center located in Hopkinsville, Kentucky.

The Corporation adopted, at the direction of the fiscal court, a resolution authorizing the Series 2007 Bonds for the purpose of paying the costs associated with the refunding and refinancing of the Series 2000 Bonds.

The series 2007 bonds are secured by a foreclosable first mortgage lien on the district court facility project. The series 2007 bonds are also secured by the assignment of the Corporation of all its rights, title, and interest to a lease agreement with the fiscal court. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, and all rights and any further options to renew may be terminated and forfeited to the Corporation.

The series 2007 bonds in the amount of \$16,545,000 dated April 5, 2007, bear interest payable semi-annually on February 1 and August 1 of each year commencing August 1, 2007, at rates ranging from 3.50 percent to 4.00 percent. The Series 2007 Bonds mature on August 1 of each year. As of June 30, 2023, the principal balance was paid in full.

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

Note 7. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 585,000	\$ 284,519	\$ 208,663	\$ 63,028
2025	605,000	267,468	182,035	55,362
2026	630,000	245,269	114,838	48,355
2027	650,000	221,213	80,000	42,928
2028	500,000	196,300	85,000	38,728
2029-2033	2,790,000	703,575	475,000	137,751
2034-2038	3,245,000	249,225	206,000	57,901
2039-2043			145,000	19,827
Totals	<u>\$ 9,005,000</u>	<u>\$ 2,167,569</u>	<u>\$ 1,496,536</u>	<u>\$ 463,880</u>

D. Changes in Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,144,248	\$ 606,547	\$ 254,259	\$ 1,496,536	\$ 208,663
Other Debt	10,990,000		1,985,000	9,005,000	585,000
Total Long-term Debt	<u>\$ 12,134,248</u>	<u>\$ 606,547</u>	<u>\$ 2,239,259</u>	<u>\$ 10,501,536</u>	<u>\$ 793,663</u>

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 \$961,765, FY 2022 was \$1,032,527, and FY 2023 was \$1,065,952.

CHRISTIAN 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.

CHRISTIAN 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.

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

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (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 Christian 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. Self-Health Insurance

Christian County Fiscal Court elected to begin a partially self-funded health insurance plan for fiscal year ended June 30, 1998. This partially self-funded insurance plan covers all county employees, and the county pays for each county employee's individual coverage. Christian County contracted with Anthem Blue Cross and Blue Shield to administer the employee benefit plan for the 2022-2023 fiscal year.

This partially self-funded insurance plan has two distinct components that the fiscal court must pay. The first component is the fixed cost, which consists of administrative fees associated with operating the plan, and specific and aggregate reinsurance costs that cap the county's claims exposure on an individual and aggregate basis. Incurred fixed costs for fiscal year ending June 30, 2023 were \$597,100. The second component is the claims cost, all of which Christian County is responsible to pay as they incur. Once an individual exceeds \$85,000 in claims or the county's aggregate claims exceed the predetermined maximum, then the county will receive reimbursements from the reinsurance carrier. Incurred claims for fiscal year ended June 30, 2023 were \$2,478,077. Christian County Fiscal Court's contract with Anthem Blue Cross and Blue Shield has no terminal liability provision. The county would be responsible to pay all run-out claims after termination. The Health Insurance Fund had a balance of \$369,007 as of June 30, 2023.

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

Note 11. Insurance

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

Note 12. Related Party Transactions

For the fiscal year ended June 30, 2023, the fiscal court engaged in a related party transaction that paid a company where the son of a former magistrate works \$1,305,213 for crush stone and asphalt purchased by the fiscal court pursuant to a publicly bid contract.

Note 13. Conduit Debt

From time to time, the county has issued bonds and notes to provide financial assistance to various organizations 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 Christian County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 14. Tax Abatements

A. Hopkinsville-Christian County Conference Center Corporation

On February 20, 2014, the Christian County Fiscal Court entered into an interlocal agreement with the City of Hopkinsville, and Hopkinsville Tax Increment Tax Authority to abate county ad valorem real estate taxes from the Hopkinsville-Christian County Conference Center Corporation. The conference center is eligible to receive these tax abatements as it will encourage investment and increase employment and economic activity within the county. The assessed value of taxable real property within the local development area is less than 20% of the assessed value of taxable real property within the county. This agreement shall continue for 20 years after establishment. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court abated \$8,328 of taxable real property.

B. Thompson Thrift Development Inc.

On July 14, 2015, the Christian County Fiscal Court entered into an interlocal agreement with the City of Hopkinsville to abate ad valorem taxes generated by Thompson Thrift Development Inc. The city and county have agreed to pledge on 100% of the incremental ad valorem tax revenue generated from the project site in order to repay the city's financing of the grant. This tax abatement will encourage and support economic development endeavors. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court abated \$44,590 of ad valorem taxes.

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

Note 14. Tax Abatements (Continued)

C. Michael Venable

In November 2019, the Christian County Fiscal Court entered into an agreement with Michael Venable. This agreement authorized the developer and/or its assigns to retain through a rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county from an increased assessment of the real property owned. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

D. Kentucky Healthcare Holdings I, LLC

On November 26, 2019, the Christian County Fiscal Court entered into an agreement with Kentucky Healthcare Holdings I, LLC. This agreement authorized the company to retain through a rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from an increased assessment after January 1, 2019 of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal refunded \$24,388 of ad valorem taxes.

E. Concord Villas LLC.

On February 25, 2020, the Christian county fiscal court entered into an agreement with Concord Villas, LLC to refund 80% of county property taxes for ten years based upon increase in valuation. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$8,653 of property taxes.

F. Emhart Teknologies LLC

On November 10, 2020, the Christian County Fiscal Court entered into an agreement with Emhart Teknologies LLC to rebate 90% of any increase in ad valorem tax revenue collected by the county resulting from any increased assessment after January 1, 2021 of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

G. Kindred Holdings LLC

On April 13, 2021, the Christian County Fiscal Court entered into an agreement with Kindred Holdings LLC to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by the company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

H. Legacy Metals

On January 25, 2022, the Christian County Fiscal Court entered into an agreement with Legacy Metals Manufacturing LLC, to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by company and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$332 of ad valorem taxes.

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

Note 14. Tax Abatements (Continued)

I. AJM, LLC.

On February 22, 2022, the Christian County Fiscal Court entered into an agreement with AJM, LLC, to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2021 of any real property owned by the company and located within the commercial incentive district for a period of 12 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

J. Bluegrass Park LLC

On February 22, 2022, the Christian County Fiscal Court entered into an agreement with Bluegrass Park LLC, to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by the company and located within the housing incentive district for a period of 12 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

K. Stillworks LLC-Casey Jones Distillery

On June 13, 2023, the Christian County Fiscal Court entered into an agreement with Stillworks LLC Casey Jones Distillery to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023 of any real property owned by the developer and located within the commercial incentive district for a period of eight years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

L. Martinera International, Inc

On September 14, 2021, the Christian County Fiscal Court entered into an agreement with Martinera International Inc. to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by company and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0

M. MB Roland Distillery, Inc.

On June 13, 2023 the Christian County Fiscal Court entered into an agreement with MB Roland Distillery, Inc. to rebate 70% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023 of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

N. Johnny Oatts Farms, LLC.

On July 12, 2022 the Christian County Fiscal Court entered into an agreement with Johnny Oatts Farms, LLC to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by the developer and located within the commercial incentive district for a period of ten years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

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

Note 14. Tax Abatements (Continued)

O. Ascend Elements

On August 9, 2022 the Christian County Fiscal Court entered into an agreement with Ascend Elements to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2022 of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

P. White Drive Motor and Steering, LLC

On February 14, 2023 the Christian County Fiscal Court entered into an agreement with White Drive Motor and Steering, LLC to rebate 90% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023 of any real property owned by the developer and located within the commercial incentive district for a period of 15 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

Q. MDM Med Properties, LLC

On June 13, 2023 the Christian County Fiscal Court entered into an agreement with MDM MED-Properties to rebate 80% of any increase in ad valorem tax revenue otherwise collected by the county resulting from any increased assessment after January 1, 2023 of any real property owned by the developer and located within the commercial incentive district for a period of 20 years. During the fiscal year ended June 30, 2023, the Christian County Fiscal Court refunded \$0 of ad valorem taxes.

Note 15. Contingencies

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

Note 16. Prior Period Adjustments

Due error in prior year a debt payment of \$67,498 was omitted from the fund balance.

	General Obligation <u>Bond Fund</u>
Ending Cash Balance - Prior Year	\$ 69,770
Adjustments:	
Prior Year Debt Liability	<u>(67,498)</u>
	<u>\$ 2,272</u>

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

For The Year Ended June 30, 2023

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CHRISTIAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 9,173,250	\$ 9,173,250	\$ 9,480,065	\$ 306,815
In Lieu Tax Payments	157,414	157,414	162,759	5,345
Excess Fees	770,000	770,000	1,872,186	1,102,186
Licenses and Permits	148,910	148,910	144,960	(3,950)
Intergovernmental	2,776,675	2,776,675	1,700,611	(1,076,064)
Charges for Services	255,020	255,020	316,130	61,110
Miscellaneous	74,108	74,108	923,247	849,139
Interest	100,750	100,750	437,596	336,846
Total Receipts	<u>13,456,127</u>	<u>13,456,127</u>	<u>15,037,554</u>	<u>1,581,427</u>
DISBURSEMENTS				
General Government	4,232,773	4,595,180	3,737,266	857,914
Protection to Persons and Property	992,831	1,050,602	758,468	292,134
General Health and Sanitation	738,681	812,433	778,156	34,277
Social Services	268,026	268,026	172,776	95,250
Recreation and Culture	836,712	836,712	803,084	33,628
Airports	38,000	38,000	38,000	
Capital Projects	1,950,000	1,638,000	703,566	934,434
Administration	4,833,877	4,584,088	4,336,695	247,393
Total Disbursements	<u>13,890,900</u>	<u>13,823,041</u>	<u>11,328,011</u>	<u>2,495,030</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(434,773)</u>	<u>(366,914)</u>	<u>3,709,543</u>	<u>4,076,457</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			176,547	176,547
Transfers From Other Funds			76,603	76,603
Transfers To Other Funds	<u>(3,757,985)</u>	<u>(3,757,985)</u>	<u>(2,162,728)</u>	<u>1,595,257</u>
Total Other Adjustments to Cash (Uses)	<u>(3,757,985)</u>	<u>(3,757,985)</u>	<u>(1,909,578)</u>	<u>1,848,407</u>
Net Change in Fund Balance	(4,192,758)	(4,124,899)	1,799,965	5,924,864
Fund Balance - Beginning	<u>4,192,758</u>	<u>4,192,758</u>	<u>7,852,237</u>	<u>3,659,479</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 67,859</u>	<u>\$ 9,652,202</u>	<u>\$ 9,584,343</u>

CHRISTIAN 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	\$ 3,010,814	\$ 3,010,814	\$ 2,609,392	\$ (401,422)
Miscellaneous	13,100	13,100	14,420	1,320
Interest	2,500	2,500	16,152	13,652
Total Receipts	<u>3,026,414</u>	<u>3,026,414</u>	<u>2,639,964</u>	<u>(386,450)</u>
DISBURSEMENTS				
Roads	3,553,257	3,562,652	2,887,648	675,004
Capital Projects	85,000	85,000	69,313	15,687
Administration	569,643	560,248	490,029	70,219
Total Disbursements	<u>4,207,900</u>	<u>4,207,900</u>	<u>3,446,990</u>	<u>760,910</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,181,486)</u>	<u>(1,181,486)</u>	<u>(807,026)</u>	<u>374,460</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,156,486</u>	<u>1,156,486</u>	<u>765,607</u>	<u>(390,879)</u>
Total Other Adjustments to Cash (Uses)	<u>1,156,486</u>	<u>1,156,486</u>	<u>765,607</u>	<u>(390,879)</u>
Net Change in Fund Balance	(25,000)	(25,000)	(41,419)	(16,419)
Fund Balance - Beginning	<u>25,000</u>	<u>25,000</u>	<u>189,132</u>	<u>164,132</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 147,713</u>	<u>\$ 147,713</u>

CHRISTIAN 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	\$ 6,065,044	\$ 6,065,044	\$ 6,877,297	\$ 812,253
Charges for Services	261,000	261,000	319,794	58,794
Miscellaneous	245,500	245,500	248,586	3,086
Interest	3,500	3,500	13,444	9,944
Total Receipts	<u>6,575,044</u>	<u>6,575,044</u>	<u>7,459,121</u>	<u>884,077</u>
DISBURSEMENTS				
Protection to Persons and Property	6,332,142	6,613,028	6,423,153	189,875
Administration	2,122,758	1,841,872	1,789,725	52,147
Total Disbursements	<u>8,454,900</u>	<u>8,454,900</u>	<u>8,212,878</u>	<u>242,022</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,879,856)</u>	<u>(1,879,856)</u>	<u>(753,757)</u>	<u>1,126,099</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,641,431	1,641,431	741,574	(899,857)
Transfers To Other Funds	<u>(61,575)</u>	<u>(61,575)</u>	<u>(59,064)</u>	<u>2,511</u>
Total Other Adjustments to Cash (Uses)	<u>1,579,856</u>	<u>1,579,856</u>	<u>682,510</u>	<u>(897,346)</u>
Net Change in Fund Balance	(300,000)	(300,000)	(71,247)	228,753
Fund Balance - Beginning	<u>300,000</u>	<u>300,000</u>	<u>301,465</u>	<u>1,465</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 230,218</u>	<u>\$ 230,218</u>

CHRISTIAN 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				
Intergovernmental	\$ 159,000	\$ 159,000	\$ 240,671	\$ 81,671
Interest	1,000	1,000	4,677	3,677
Total Receipts	<u>160,000</u>	<u>160,000</u>	<u>245,348</u>	<u>85,348</u>
DISBURSEMENTS				
Roads	170,000	170,000	113,020	56,980
Total Disbursements	<u>170,000</u>	<u>170,000</u>	<u>113,020</u>	<u>56,980</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>132,328</u>	<u>142,328</u>
Net Change in Fund Balance	(10,000)	(10,000)	132,328	142,328
Fund Balance - Beginning	10,000	10,000	23,809	13,809
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 156,137</u>	<u>\$ 156,137</u>

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

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 98,700	\$ 98,700	\$ 86,414	\$ (12,286)
Intergovernmental	380,000	380,000	431,795	51,795
Interest	9,250	9,250	43,383	34,133
Total Receipts	<u>487,950</u>	<u>487,950</u>	<u>561,592</u>	<u>73,642</u>
DISBURSEMENTS				
Protection to Persons and Property	1,222,950	1,232,575	557,291	675,284
Administration	10,000	375		375
Total Disbursements	<u>1,232,950</u>	<u>1,232,950</u>	<u>557,291</u>	<u>675,659</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(745,000)</u>	<u>(745,000)</u>	<u>4,301</u>	<u>749,301</u>
Net Change in Fund Balance	(745,000)	(745,000)	4,301	749,301
Fund Balance - Beginning	<u>745,000</u>	<u>745,000</u>	<u>949,862</u>	<u>204,862</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 954,163</u>	<u>\$ 954,163</u>

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

	GENERAL OBLIGATION BOND FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 4,966	\$ 4,966
Total Receipts			4,966	4,966
DISBURSEMENTS				
Debt Service	1,021,643	1,021,792	962,728	59,064
Total Disbursements	1,021,643	1,021,792	962,728	59,064
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,021,643)	(1,021,792)	(957,762)	64,030
Other Adjustments to Cash (Uses)				
Lease Premium			20,000	20,000
Financing Obligation Proceeds			430,000	430,000
Transfers From Other Funds	1,021,643	1,021,643	1,021,792	149
Transfers To Other Funds			(59,064)	(59,064)
Total Other Adjustments to Cash (Uses)	1,021,643	1,021,643	1,412,728	391,085
Net Change in Fund Balance		(149)	454,966	455,115
Fund Balance - Beginning (Restated)			2,272	2,272
Fund Balance - Ending	\$ 0	\$ (149)	\$ 457,238	\$ 457,387

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

	AMERICAN RESCUE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 6,843,111	\$ 6,843,111	\$	\$ (6,843,111)
Interest	75,000	75,000	511,640	436,640
Total Receipts	<u>6,918,111</u>	<u>6,918,111</u>	<u>511,640</u>	<u>(6,406,471)</u>
DISBURSEMENTS				
Capital Projects	13,799,900	13,799,900	3,266,098	10,533,802
Total Disbursements	<u>13,799,900</u>	<u>13,799,900</u>	<u>3,266,098</u>	<u>10,533,802</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(6,881,789)</u>	<u>(6,881,789)</u>	<u>(2,754,458)</u>	<u>4,127,331</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(382,780)	(382,780)
Total Other Adjustments to Cash (Uses)			<u>(382,780)</u>	<u>(382,780)</u>
Net Change in Fund Balance	(6,881,789)	(6,881,789)	(3,137,238)	3,744,551
Fund Balance - Beginning	<u>6,881,789</u>	<u>6,881,789</u>	<u>13,740,237</u>	<u>6,858,448</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,602,999</u>	<u>\$ 10,602,999</u>

CHRISTIAN 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.

**CHRISTIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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CHRISTIAN 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		\$	\$ 3,040,521
Total U.S. Department of Treasury				3,040,521
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants/State's Program				
Trilogy Center	14.228		\$	\$ 190,000
Utility Project	14.228			10,000
Total U.S. Department of Housing and Urban Development				200,000
<u>U. S. Department of Justice</u>				
<i>Passed-Through Kentucky Department Justice and Public Safety</i>				
Crime Victim Assistance	16.575	#117	\$	\$ 16,002
Violence Against Women Formula Grants	16.588	#709		78,712
Total U.S. Department of Justice				94,714
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Military Affairs</i>				
Emergency Management Performance Grants	97.042		\$	\$ 68,263
Disaster Grants - Public Assistance	97.036	DR 4630		102,876
Total U.S. Department of Homeland Security				171,139
<u>U. S. Department of Agriculture</u>				
<i>Direct Program</i>				
Emergency Watershed Protection Program	10.923		\$	\$ 189,650
Total U.S. Department of Agriculture				189,650

The accompanying notes are an integral part of this schedule.

CHRISTIAN 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>Delta Regional Authority</u>				
<i>Direct Program</i>				
States' Economic Development Assistance Program	90.200		\$ _____	\$ 52,510
Total Delta Regional Authority			_____	52,510
Total Expenditures of Federal Awards			\$ 0	\$ 3,748,534

The accompanying notes are an integral part of this schedule.

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

Christian 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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**CHRISTIAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2023

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CHRISTIAN COUNTY
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:

	Balance (*Restated)	Additions	Deletions	Ending Balance
Land	\$ 2,831,221	\$	\$	\$ 2,831,221
Construction In Progress	90,578	581,213	373,865	297,926
Land Improvements	242,960			242,960
Building and Building Improvements*	48,557,611	373,865		48,931,476
Vehicles and Equipment	7,800,928	610,497		8,411,425
Furniture and Office Equipment	2,041,077	228,574		2,269,651
Infrastructure	32,509,582	1,298,442		33,808,024
 Total Capital Assets	 <u>\$ 94,073,957</u>	 <u>\$ 3,092,591</u>	 <u>\$ 373,865</u>	 <u>\$ 96,792,683</u>

CHRISTIAN COUNTY
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
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	8-20
Infrastructure	\$ 25,000	10-50

Note 2. Restated Beginning Balance Of Capital Assets

	<u>Building and Building Improvements</u>
Prior Year Ending Balance	\$ 48,577,611
Mathematical Error	<u>(20,000)</u>
Beginning Balance Restated	<u>\$ 48,557,611</u>

**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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jerry Gilliam, Christian County Judge/Executive
Members of the Christian 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 Christian County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Christian County Fiscal Court's financial statement and have issued our report thereon dated November 20, 2023.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.



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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

November 20, 2023

**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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jerry Gilliam, Christian County Judge/Executive
Members of the Christian County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Christian County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Christian County Fiscal Court's major federal programs for the year ended June 30, 2023. Christian 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, Christian 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 Christian 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 Christian County Fiscal Court's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Christian 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 Christian 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 Christian 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 Christian 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 Christian County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

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

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

Government Auditing Standards requires the auditor to perform limited procedures on Christian County Fiscal Court's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Christian 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,



Mike Harmon
Auditor of Public Accounts
Frankfort, Ky

November 20, 2023

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

For The Year Ended June 30, 2023

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

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Federal Awards

Internal control over major programs:

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
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

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

Section II: Financial Statement Findings

2023-001 The Christian County Fiscal Court Had Inadequate Controls Over Disbursements, Resulting In Noncompliance

During fiscal year 2023, the Christian County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. The following findings were noted with Christian County Fiscal Court's disbursements:

- Of the 96 invoices tested, six invoices were not paid within 30 working days of receipt.
- Twenty-one of the 96 invoices tested did not have purchase orders issued, while 39 of the 96 invoices tested had purchase orders dated after the invoice date. One invoice had a purchase order that was not dated.
- Of the eight credit card purchases tested, \$100 in late fees and finance charges were paid.

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

Good internal controls dictate that controls over all disbursements be maintained to ensure that taxpayer funds are used appropriately. In addition, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly. According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*." Furthermore, "DLG highly recommends that counties accept the practice of issuing PO's for payroll and utility claims."

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

We recommend the Christian County Fiscal Court improve procedures over disbursements by ensuring that late fees and finance charges are not paid on credit cards, and by strengthening their internal controls over purchase orders and ensuring that purchase orders are fully filled out per DLG guidelines and obtained prior to all purchases. We also recommend that disbursements be paid within 30 working days of receipt in accordance with KRS 65.140(2).

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Controls have been implemented regarding this recommendation. Staff have been reminded of the importance of following the purchase order system as required by the Department for Local Government. Staff will also ensure that all current expenses are paid within terms. It should be noted that many of the invoices not paid within thirty days were the result of a change of address for the finance office. It was subsequently discovered that several invoices were mailed to the old address and not forwarded to the new mailing address.

**CHRISTIAN 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 Christian County Fiscal Court Did Not Have Adequate Controls Over The Procurement, Suspension and Debarment Compliance Requirement On Federal Expenditures

Federal Program: Assistance Listing #21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: Information not available

Name of Federal Agency and Pass-Thru Agency (if applicable): U.S. Department of Treasury

Compliance Requirements: Procurement, Suspension & Debarment

Type of Finding: Material Weakness

Amount of Questioned Costs: \$0

Opinion Modification (if applicable): No

COVID Related: Yes

The Christian County Fiscal Court failed to implement adequate controls over Procurement, Suspension and Debarment compliance requirements of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The disbursement of the SLFRF monies was not handled in the manner prescribed by the county's administrative code. Three disbursements totaling \$1,378,654 were tested and purchase orders were not utilized for any of the three disbursements.

The fiscal court also failed to document adequate controls concerning the compliance with suspension and debarment requirements. There was no documentation that suspension and debarment compliance requirements were followed. The county's contracts with local utilities failed to include suspension and debarment requirements. Additionally, there was no documentation that a search for suspended or debarred parties was performed prior to disbursing the funds to the utilities.

The county treasurer was not aware purchase orders were not issued. Preprinted purchase orders for the ARPA (SLFRF) Fund were not available for use. There was a breakdown in the verification process of debarred or suspended parties. Since the fiscal court did not issue purchase orders for the disbursements from the SLFRF monies, amounts spent could have exceeded budgetary restrictions, rendering them void. Additionally, because there was no documented search for suspended or debarred parties, ineligible vendors or contractors could have been utilized putting the county at risk for being held responsible for unallowed or questioned costs.

2 CFR 200.318(a) states "The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward."

The Christian County Administrative Code section 4.5 states for claims against Christian County "Each claim shall be recorded by date, receipts, and purchase order number and presented to the Fiscal Court at its next meeting." Additionally, the Department of Local Government (DLG) requires counties to implement a purchase order system which includes issuing purchase orders for all claims expended from the county's budget. Good internal controls require the use of established procurement policies to ensure that federal disbursements are handled in the manner consistent with the treatment of non-federal disbursements.

2 CFR 200.214 states "Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities." Good internal controls dictate documentation be maintained that verifies debarment and suspension regulations have been communicated and followed for vendors or contractors used in federally funded projects.

**CHRISTIAN 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 Christian County Fiscal Court Did Not Have Adequate Controls Over The Procurement, Suspension and Debarment Compliance Requirement On Federal Expenditures (Continued)

We recommend that the county improve internal controls over federal expenditures to ensure all compliance requirements are followed.

This is not a repeat finding from the previous year.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Staff will use purchase orders for all funds including disbursements from the American Rescue Plan Fund. However, it should be noted that the information included on a purchase order including date, approval, general ledger account number, and amount were listed on each invoice included in this finding. The only item not included was the title "purchase order." In addition, a separate ledger is maintained for this fund to monitor expenditures and appropriations. The current controls in place over federal funds provide the same assurance that expenditures will not exceed budget appropriations. This alternative procedure serves as an effective compensating control.

Auditor's Reply: Christian County failed to follow the Procurement, Suspension, and Debarment requirements of the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). Vendors are required to be verified as being eligible- not suspended or debarred- before entering the related transactions. This requirement was not followed nor were the SLFRF disbursements encumbered in the manner prescribed by the procedures outlined in the county's administrative code. Since purchase orders were not utilized, the budgeted appropriation was not properly encumbered.

Section IV: Summary Schedule of Prior Audit Findings

None.

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

CHRISTIAN COUNTY FISCAL COURT

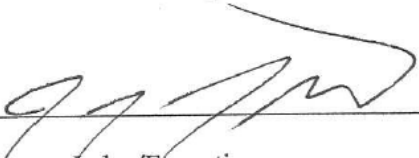
For The Year Ended June 30, 2023

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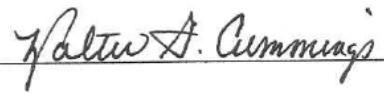
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Christian 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