

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Keith L. Taul, Hardin County Judge/Executive
Members of the Hardin 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 Hardin County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Hardin 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 Hardin 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 Hardin 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 Hardin 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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Members of the Hardin County Fiscal Court

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 Hardin 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

Hardin 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 Hardin 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 Hardin County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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The Honorable Keith L. Taul, Hardin County Judge/Executive
Members of the Hardin County Fiscal Court

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

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

Other Matters

Supplementary Information

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

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

Other Information

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

To the People of Kentucky
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2024, on our consideration of the Hardin 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 Hardin 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 finding:

2023-001 The Hardin County Fiscal Court Did Not Have Adequate Oversight Over Emergency Medical Billing

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 17, 2024

HARDIN COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Harry L. Berry (through December 31, 2022)	County Judge/Executive
Keith L. Taul (beginning January 1, 2023)	County Judge/Executive
Roy Easter (through December 31, 2022)	Magistrate
Chris Yates (beginning January 1, 2023)	Magistrate
Doug Goodman (through December 31, 2022)	Magistrate
Kenny Saltsman (beginning January 1, 2023)	Magistrate
Lisa Williams (through December 31, 2022)	Magistrate
Patsy Whitehead (beginning January 1, 2023)	Magistrate
Fred Clem, Jr.	Magistrate
Bill Wiseman (through December 31, 2022)	Magistrate
Aaron Pennington (beginning January 1, 2023)	Magistrate
E.G. Thompson	Magistrate
Ronnie Goodman (through December 31, 2022)	Magistrate
Larry A. Hicks (beginning January 1, 2023)	Magistrate
Garry King (through December 31, 2022)	Magistrate
Kenny Muse (beginning January 1, 2023)	Magistrate

Other Elected Officials:

Jenny Oldham	County Attorney
Josh Lindblom	Jailer
Debbie Donnelly (through December 31, 2022)	County Clerk
Brian Smith (beginning January 1, 2023)	County Clerk
Loretta Crady	Circuit Court Clerk
John Ward	Sheriff
Danny Hutcherson	Property Valuation Administrator
William Lee (through October 31, 2022)	Coroner
Pat Elmore (beginning November 1, 2022)	Coroner

Appointed Personnel:

Lisa Pearman	County Treasurer
Daniel London (through December 31, 2022)	Deputy County Judge/Executive
Vicki Meredith (beginning January 1, 2023)	Deputy County Judge/Executive

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

For The Year Ended June 30, 2023

HARDIN 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
RECEIPTS				
Taxes	\$ 11,165,654	\$	\$	\$
In Lieu Tax Payments	350			
Excess Fees	4,114,438			
Licenses and Permits	219,920	14,445		
Intergovernmental	371,480	3,230,965	5,680,185	435,677
Charges for Services	8,038,997		560,175	
Miscellaneous	5,109,902	293,669	380,768	
Interest	924,605	61,919	15,844	9,409
Total Receipts	<u>29,945,346</u>	<u>3,600,998</u>	<u>6,636,972</u>	<u>445,086</u>
DISBURSEMENTS				
General Government	17,096,255	7,195		
Protection to Persons and Property	9,399,906		6,214,473	
General Health and Sanitation	1,238,908			
Social Services	86,567			
Recreation and Culture	1,106,463			
Transportation Facility and Services	1,565,216			
Roads		7,914,206		351,942
Capital Projects	166,415			
Administration	5,864,507	590,039	3,023,102	
Total Disbursements	<u>36,524,237</u>	<u>8,511,440</u>	<u>9,237,575</u>	<u>351,942</u>
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	<u>(6,578,891)</u>	<u>(4,910,442)</u>	<u>(2,600,603)</u>	<u>93,144</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,153,120	6,510,232	2,550,000	
Transfers To Other Funds	(11,398,770)		(150,000)	
Total Other Adjustments to Cash (Uses)	<u>(10,245,650)</u>	<u>6,510,232</u>	<u>2,400,000</u>	
Net Change in Fund Balance	(16,824,541)	1,599,790	(200,603)	93,144
Fund Balance - Beginning (Restated)	<u>34,943,093</u>	<u>917,563</u>	<u>465,702</u>	<u>158,703</u>
Fund Balance - Ending	<u>\$ 18,118,552</u>	<u>\$ 2,517,353</u>	<u>\$ 265,099</u>	<u>\$ 251,847</u>
Composition of Fund Balance				
Bank Balance	\$ 18,666,391	\$ 3,545,282	\$ 448,171	\$ 251,847
Plus: Deposits In Transit	16,106	3,440		
Less: Outstanding Checks	(563,945)	(1,031,369)	(183,072)	
Investments				
Fund Balance - Ending	<u>\$ 18,118,552</u>	<u>\$ 2,517,353</u>	<u>\$ 265,099</u>	<u>\$ 251,847</u>

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

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

Budgeted Funds						
State Grants Fund	Federal Grants Fund	Solid Waste Fund	Permanent Trust Fund	Alcohol Beverage Commission Fund	Industrial Tax Fund	E-911 Fund
\$	\$	\$	\$	\$	\$ 702,576	\$
		376,127		5,676	15,150	
477,503	10,973,645	82,738				515,447
		6,993,306				2,189,123
		286,490	20,974			580
3,108	222,173	55,389		141	13,035	42,718
480,611	11,195,818	7,794,050	20,974	5,817	730,761	2,747,868
253,000					4,133	
						3,483,688
		8,265,614				
54,503	965,053				2,762	
		90,030				
307,503	965,053	8,355,644			6,895	3,483,688
173,108	10,230,765	(561,594)	20,974	5,817	723,866	(735,820)
		2,372,597				976,173
(173,085)	(385,584)	(1,000,000)	(49,564)	(5,119)		(400,000)
(173,085)	(385,584)	1,372,597	(49,564)	(5,119)		576,173
23	9,845,181	811,003	(28,590)	698	723,866	(159,647)
	778,291	4,221,096	1,150,755	1,151	3,047	1,067,845
\$ 23	\$ 10,623,472	\$ 5,032,099	\$ 1,122,165	\$ 1,849	\$ 726,913	\$ 908,198
\$ 23	\$ 10,911,602	\$ 5,038,626	\$ 1,032	\$ 1,849	\$ 726,913	\$ 974,368
	(288,130)	(6,527)				(66,170)
			1,121,133			
\$ 23	\$ 10,623,472	\$ 5,032,099	\$ 1,122,165	\$ 1,849	\$ 726,913	\$ 908,198

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

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

	<u>Budgeted Funds</u>		<u>Unbudgeted Fund</u>	
	<u>Opioid Settlement Fund</u>	<u>County Clerk Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
RECEIPTS				
Taxes	\$	\$	\$	\$ 11,868,230
In Lieu Tax Payments				350
Excess Fees				4,114,438
Licenses and Permits				631,318
Intergovernmental			1,586,609	23,354,249
Charges for Services				17,781,601
Miscellaneous	642,423	831,580		7,566,386
Interest	14,320	8,629		1,371,290
Total Receipts	<u>656,743</u>	<u>840,209</u>	<u>1,586,609</u>	<u>66,687,862</u>
DISBURSEMENTS				
General Government		19,546		17,380,129
Protection to Persons and Property				19,098,067
General Health and Sanitation				9,504,522
Social Services				86,567
Recreation and Culture			1,358,416	2,464,879
Transportation Facility and Services				1,565,216
Roads				8,266,148
Capital Projects				1,188,733
Administration				9,567,678
Total Disbursements		<u>19,546</u>	<u>1,358,416</u>	<u>69,121,939</u>
Excess (Deficiency) of Receipts Over Adjustments to Cash (Uses)	<u>656,743</u>	<u>820,663</u>	<u>228,193</u>	<u>(2,434,077)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				13,562,122
Transfers To Other Funds				(13,562,122)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	656,743	820,663	228,193	(2,434,077)
Fund Balance - Beginning (Restated)			1,205,660	44,912,906
Fund Balance - Ending	<u>\$ 656,743</u>	<u>\$ 820,663</u>	<u>\$ 1,433,853</u>	<u>\$ 42,478,829</u>
Composition of Fund Balance				
Bank Balance	\$ 656,743	\$ 820,663	\$ 1,436,433	\$ 43,479,943
Plus: Deposits In Transit				19,546
Less: Outstanding Checks			(2,580)	(2,141,793)
Investments				1,121,133
Fund Balance - Ending	<u>\$ 656,743</u>	<u>\$ 820,663</u>	<u>\$ 1,433,853</u>	<u>\$ 42,478,829</u>

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

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TO THE FINANCIAL STATEMENT**

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**HARDIN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

HARDIN 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.

State Grants Fund - The primary purpose of this fund is to account for grant funds received from the state. The primary source of receipts for this fund are grants received from the Commonwealth of Kentucky.

Federal Grants Fund - The primary purpose of this fund is to account for grant funds received from the federal government. The primary source of receipts for this fund are grants received from the United States Treasury.

Solid Waste Fund - The primary purpose of this fund is to account for landfill operations. The primary source of receipts for this fund are from charges to customers for garbage collections and tipping fees.

Permanent Trust Fund - The Fife Fund and the Pauline Walker and Powell Duff Fund are presented as the permanent trust fund. Permanent trust funds are to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support programs of Hardin County Fiscal Court.

1. Fife Fund – This fund was established by the will and codicils of H. B. Fife in 1955. The will imposed that the fund be held in perpetuity. This means the original \$270,000 principal should remain intact. The will created a trust for the following public purposes:
 - a. to aid in the construction and/or maintenance of the public county roads and bridges of Hardin County;
 - b. to aid in the construction and/or maintenance of a public airport;
 - c. to aid in the construction of a new courthouse or jail.

The trustee that administers the Fife Trust is a committee consisting of the following with each having one vote: Hardin County Judge Executive, Hardin County Treasurer, and the Hardin County Fiscal Court. The majority of the committee has the full authority and discretion to decide how the income of the trust is to be spent. The will contained no language, which would limit the discretion of this committee in the expenditure of the Fife Trust income. The only limitation on the committee's discretion is that which the law imposes on all trustees in that their decisions must not be arbitrary. The committee must give due consideration for requests for expenditures in each of the categories, but it remains within the committee's sound discretion as to how the income of the trust is ultimately expended.

2. Pauline Walker and Powell Duff Fund – This fund was established by the will of Powell Duff in 1991. According to the will, this bequest “is given in memory of one who fought and wrought to improve the quality of life in southern Hardin County after she moved to Sonora in 1934.” The trustee is the Hardin County Fiscal Court. The will imposed that the fund be held in perpetuity. This means the original \$459,526 principal should remain intact and the income may be spent annually as the fiscal court sees fit.

Alcohol Beverage Commission Fund - The primary purpose of this fund is to account for the administration of alcohol commissions. The primary source of receipts for this fund are from alcoholic beverage licensing and regulatory fees.

HARDIN 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)

Industrial Tax Fund - The primary purpose of this fund is to account for the collection of industrial taxes and fees. The primary source of receipts for this fund are from taxes and fees collected in relation to industrial development.

E-911 Fund - The primary purpose of this fund is to account for the administration of E-911 activities of the county. The primary source of receipts for this fund are from dispatch service fees and wireless phone surcharges.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds provided to the county as a result of the state opioid settlement. These funds are to be used to support opioid addiction assistance in the county.

County Clerk Fund - The primary purpose of this fund is to account for storage fees received by the County Clerk and disbursed to the county treasurer, to be held in a fund for the County Clerk's use and the county to disburse on the Clerk's behalf.

Unbudgeted Fund

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

D. Budgetary Information

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Hardin County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Hardin 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 Hardin 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).

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.

Note 2. Deposits and Investments

A. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance

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

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

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.

B. Investments – Permanent Trust Funds

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

Type	Fair Value	Average Credit Quality/Ratings	Cost Basis
Investments:			
Money Market Funds	\$ 1,032	Unrated	\$ 1,032
iShares Treasury Bond	888,979	Unrated	888,979
Mutual Funds	<u>232,154</u>	Unrated	<u>232,154</u>
Total Investments	<u>\$ 1,122,165</u>		<u>\$ 1,122,165</u>
Total Fund Balance	<u>\$ 1,122,165</u>		<u>\$ 1,122,165</u>

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$1,122,165 of investments in securities held by the counterparties' trust departments in the fiscal court's name. SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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

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

Note 2. Deposits and Investments (Continued)

B. Investments – Permanent Trust Funds (Continued)

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - United States Treasury;
 - Export-Import Bank of the United States;
 - Farmers Home Administration;
 - Government National Mortgage Corporation; and
 - Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - Federal Home Loan Mortgage Corporation;
 - Federal Farm Credit Banks;
 - Bank for Cooperatives;
 - Federal Intermediate Credit Banks;
 - Federal Land Banks;
 - Federal Home Loan Banks;
 - Federal National Mortgage Association; and
 - Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - Have a standard maturity of no more than ten years; and
 - Are rated in the three highest rating categories by at least two competent credit rating agencies.

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

Note 2. Deposits and Investments (Continued)

B. Investments – Permanent Trust Funds (Continued)

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2023, the fiscal court does not have any investments in these categories.

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

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

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

Note 3. Transfers

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

	General Fund	Jail Fund	State Grants Fund	Federal Grants Fund	Solid Waste Fund	Permanent Trust Fund	Alcohol Beverage Commission Fund	E-911 Fund	Total Transfers In
General Fund	\$	\$150,000	\$173,085	\$385,584	\$	\$39,332	\$5,119	\$400,000	\$1,153,120
Road Fund	5,500,000				1,000,000	10,232			6,510,232
Jail Fund	2,550,000								2,550,000
Solid Waste Fund	2,372,597								2,372,597
E-911 Fund	976,173								976,173
Total Transfers Out	<u>\$ 11,398,770</u>	<u>\$ 150,000</u>	<u>\$ 173,085</u>	<u>\$ 385,584</u>	<u>\$ 1,000,000</u>	<u>\$ 49,564</u>	<u>\$ 5,119</u>	<u>\$ 400,000</u>	<u>\$ 13,562,122</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.

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

Note 4. Custodial Funds

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

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023, was \$115,604.

Note 5. Leases

Lessor

A. County Attorney

On November 1, 2020, the Hardin County Fiscal Court began leasing office space to the county attorney's child support division. The lease was for 56 months and extended to June 2025. The Hardin County Fiscal Court will receive monthly payments of \$3,750. The Hardin County Fiscal Court recognized the lease of \$45,000 in lease revenue during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's receivable for lease payments was \$90,000.

B. Kentucky RSA 4 Cellular

On January 20, 2020, the Hardin County Fiscal Court began leasing land space to Kentucky RSA 4 Cellular General Partnership for a tower. The lease is for five years renewable every five years after signing. The Hardin County Fiscal Court will receive monthly payments of \$840. The Hardin County Fiscal Court recognized \$10,080 in lease revenue during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court receivable for lease payments was \$220,718.

Lessee

A. Copiers

1. On October 16, 2020, the Hardin County Fiscal Court began leasing a copier for the use in the finance office. The lease was for four years and the Hardin County Fiscal Court will pay monthly payments of \$200. The Hardin County Fiscal Court recognized the lease expenditure of \$2,400 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$3,000.
2. On August 5, 2021, the Hardin County Fiscal Court began leasing a copier the use in the EMS office. The lease was for four years and the Hardin County Fiscal Court will pay monthly payments of \$225. The Hardin County Fiscal Court recognized the lease expenditure of \$2,700 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$5,625.

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

Note 5. Leases (Continued)

Lessee (Continued)

A. Copiers (Continued)

3. On November 13, 2019, the Hardin County Fiscal Court began leasing a copier for the use in the engineering office. The lease was for four years and the Hardin County Fiscal Court will pay monthly payments of \$115. The Hardin County Fiscal Court recognized the lease expenditure of \$1,380 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$460.
4. On April 15, 2021, the Hardin County Fiscal Court began leasing a copier for the use in the judge's office. The lease agreement totaled \$6,900 and the Hardin County Fiscal Court will pay monthly payments of \$115 for five years. The Hardin County Fiscal Court recognized the lease expenditure of \$1,380 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$3,795.
5. On December 15, 2019 the Hardin County Fiscal Court began leasing a copier for the use in the county clerk's office. The lease agreement totaled \$40,200 and the Hardin County Fiscal Court will pay monthly payments of \$670 for five years. The Hardin County Fiscal Court recognized the lease expenditure of \$8,040 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$11,390.
6. On March 14, 2023, the Hardin County Fiscal Court began leasing a copier for the use in the E-911 office. The lease agreement totaled \$25,064 and the Hardin County Fiscal Court will pay monthly payments of \$418 for five years. The Hardin County Fiscal Court recognized the lease expenditure of \$1,671 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$23,393.

B. E-911 Towers

1. On March 11, 2015, the Hardin County Fiscal Court began leasing land space for the use of an E-911 tower in Pear Orchard. The lease was for 25 years and the Hardin County Fiscal Court will pay monthly payments of \$3,259. The Hardin County Fiscal Court recognized the lease expenditure of \$39,403 in disbursements during the current fiscal year. As of June 30, 2023, the Hardin County Fiscal Court's payable balance was \$883,499.
2. On March 11, 2015, the Hardin County Fiscal Court began leasing land space for the use of an E-911 tower in Eastview. The lease was for ten years and the Hardin County Fiscal Court will pay monthly payments of \$2,250. The Hardin County Fiscal Court recognized the lease expenditure of \$28,452 in disbursements during the current fiscal year. As of June 30, 2022, the Hardin County Fiscal Court's payable balance was \$49,645.

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

Note 6. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA – FiscalSoft Accounting Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are 1 year license totaling \$17,831 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

B. SBITA – FiscalPay Accounting Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are 1 year license totaling \$13,880 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

C. SBITA - FiscalTax Accounting Subscription

In February 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are 1 year license totaling \$14,995 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

D. SBITA - FiscalExpress Accounting Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are 1 year license totaling \$3,600 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

E. SBITA - FiscalHR Accounting Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are 1 year license totaling \$8,775 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

F. SBITA - Data Management Inc .TimeClock + Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for time keeping software for all county departments. The subscription terms are 1 year license totaling \$5,173 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

G. SBITA - WEX Health ACA Software Subscription

In July 2022, the Hardin County Fiscal Court entered into a subscription-based technology arrangement for ACA compliance software in the finance department. The subscription terms are 1 year license totaling \$3,368 and the Hardin County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

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

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Glendale Project

On August 9, 2002, the Hardin County Fiscal Court entered into a non-interest-bearing loan agreement with the Kentucky Cabinet of Economic Development to provide funds to assist in purchasing a parcel of land at Glendale, Kentucky, to be used as a future manufacturing site. The loan provides for up to \$10,950,000 of funds and is for a period of ten years with an automatic renewal for another period of ten years. The principal outstanding as of June 30, 2023, was \$10,639,585. The fiscal court is not required to repay any principal unless the land is sold. The fiscal court is only required to repay principal in the amount of net proceeds received for the sale of the land. The loan is secured by a mortgage on the land. The agreement expired on August 29, 2022, and the deed of release has been filed. The property was transferred on September 29, 2022, to BlueOval SK, LLC, to develop two electric battery plants and the declaration of covenants was terminated.

2. 911 Equipment

On March 26, 2015, the Hardin County Fiscal Court entered into a financing agreement with the Kentucky Association of Counties Leasing Trust in the amount of \$920,000 for the purpose of purchasing 911 equipment. The interest rate is 3.35 percent with payments due on the 20th of each month and principal payments due annually on July 20th until the termination date of July 20, 2024. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the lease. Upon the occurrence of an event of default, and as long as the event of default is continuing, lessor may, at its option, sell or lease the project or sublease it for the account of lessee, holding lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past dues lease payments and then to the portion of lease payments applicable to the principal component in inverse order of their due date and any related court costs and legal fees. The 911 equipment was paid in full and the balance as of June 30, 2023, was \$0.

3. Cardiac Monitors

On December 11, 2018, the Hardin County Fiscal Court entered into a lease agreement with Stryker Flex Financial in the amount of \$286,852 to purchase cardiac monitors. The terms of the lease consist of six annual principal payments. Upon default, Stryker Flex may: a) declare the entire balance of unpaid payments for the full term immediately due and payable; b) sue for and receive the total amount due plus the equipment's anticipated end-of-term fair market value or fixed price purchase option; c) charge interest on all monies due at the rate of 18 percent per year from the date of default until paid; and/or d) require that equipment be immediately returned, or it may peaceably be repossessed. The cardiac monitors were paid in full and the balance as of June 30, 2023, was \$0.

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

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

4. 911 Radio Equipment

On January 17, 2019, the Hardin County Fiscal Court entered into a financing agreement with the Kentucky Association of Counties Leasing Trust in the amount of \$1,950,000 for the purpose of purchasing 911 radio communication equipment. The interest rate is 4.30 percent with payments due on the 20th of each month and principal payments due annually on July 20th until the termination date of January 20, 2024. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the lease. Upon the occurrence of an event of default, and as long as the event of default is continuing, lessor may, at its option, sell or lease the project or sublease it for the account of lessee, holding lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past due lease payments and then to the portion of lease payments applicable to the principal component in inverse order of their due date and any related court costs and legal fees. The 911 radio equipment was paid in full and the balance as of June 30, 2023, was \$0.

5. Landfill Expansion

On July 15, 2016, the Hardin County Fiscal Court entered into a financing agreement with the Kentucky Association of Counties Leasing Trust in the amount of \$5,500,000 for the purpose of financing the construction of Phase 3B Hardin County Landfill - Pearl Hollow Landfill. The interest rate is 2.99 percent with payments due semi-annually on the 20th of the month and principal payments due annually on July 20th until the termination date of July 20, 2026. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the lease. Upon the occurrence of an event of default, and as long as the event of default is continuing, lessor may, at its option, sell or lease the project or sublease it for the account of lessee, holding lessee liable for all lease payments and other payments due during the remaining lease term to the extent that such selling, leasing or subleasing fails to provide amounts which are sufficient to pay the remaining lease payments when due, with any proceeds of the sale of the project being applied first to all past due lease payments and then to the portion of lease payments applicable to the principal component in inverse order of their due date and any related court costs and legal fees. The landfill expansion was paid in full the balance as of June 30, 2023, was \$0.

B. Other Debt

1. General Obligation Bonds, Series 2014A and 2014B – Escrow Defeasance

Hardin County issued \$11,055,000 (\$1,255,000 Series A and \$9,800,000 Series B) in general obligation bonds, dated April 30, 2014, for the construction of a new government building. The bonds had varying interest rates ranging from 2 to 4 percent. Principal payments are due each year on April 1 and interest is payable semi-annually on April 1 and October 1.

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

Note 7. Long-term Debt (Continued)

B. Other Debt (Continued)

General Obligation Bonds, Series 2014A and 2014B – Escrow Defeasance (Continued)

In case of default, bondholders may proceed to protect and enforce their rights by declaring all bonds due and payable, and if all default shall be made good, then, with the written consent of the owners of not less than 50 percent in principal amount of the outstanding bonds, by annulling such declaration and its consequents. The principal balance was \$9,175,000 as of date of defeasance.

On December 28, 2022, the Hardin County Fiscal Court used available cash to advance \$9,269,512 of outstanding 2014 general obligation bond payments in order to pay off debt early and to free up funds in the county's budget. The bonds had varying interest rates of 2 to 4 percent. Bond Series 2014A obligation was to mature in fiscal year 2023 and the 2014B in fiscal year 2039. The Hardin County Fiscal Court deposited \$9,269,512 in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the lease agreement. As a result, the 2014 general obligation bonds are considered defeased. The outstanding principal balance of defeased lease obligation is \$8,755,000 as of June 30, 2023.

C. 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	\$14,828,538	\$	\$14,828,538	\$	\$
Other Debt	9,175,000		9,175,000		
Total Long-term Debt	<u>\$24,003,538</u>	<u>\$ 0</u>	<u>\$24,003,538</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 8. 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 9. 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.

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

Note 9. Employee Retirement System (Continued)

The county's contribution for FY 2021 was \$2,698,019, FY 2022 was \$3,024,232, and FY 2023 was \$4,257,514.

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 26.79 percent.

Hazardous

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

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

Note 9. Employee Retirement System (Continued)

Hazardous (Continued)

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 49.59 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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.

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

Note 9. Employee Retirement System (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 – Nonhazardous (Continued)

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

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

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

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

Note 9. Employee Retirement System (Continued)

Annual Financial Report and Proportionate Share Audit Report

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

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

Note 10. Deferred Compensation

The Hardin 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 11. Insurance

For the fiscal year ended June 30, 2023, the Hardin 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. Closure and Post-closure Care Cost of Municipal Solid Waste Landfill

State and federal laws and regulations require the Hardin County Fiscal Court to place a final cover on its Municipal Solid Waste Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste. As of June 30, 2023, county engineers estimate that \$9,427,638 and \$1,855,958 will be required for landfill closure cost and for post-closure care liability. Approximately 19% of the landfill airspace capacity has been used as of June 30, 2023.

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

Note 12. Closure and Post-closure Care Cost of Municipal Solid Waste Landfill (Continued)

401 KAR 48:310 Section 2 and 3 requires the owner or operator of a landfill to have a detailed written estimate, in current dollars, the cost of hiring a third party to close the solid waste disposal site and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. Pursuant to the regulatory basis of accounting, as described in Note 1, no liability has been recognized on the financial statement for closure or post closure care costs. Hardin County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. In December 2000, the County began contributing \$62,600 per quarter to a landfill escrow account to be used at closure. The quarterly amount changed to \$8,750 per quarter in September 2009. The balance of the account at June 30, 2023 was \$3,399,667. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Estimates are adjusted for inflation. The projected date of closure for the current permitted space is 2166. No cost related to closure or post closure care has been incurred to date.

Note 13. Conduit Debt

From time to time, the county has issued bonds, notes, etc. to provide financial assistance to various entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Hardin 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. Prior Period Adjustments

The beginning balance of the general fund was increased by \$863 for prior year voided checks.

HARDIN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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HARDIN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 11,302,800	\$ 11,302,800	\$ 11,165,654	\$ (137,146)
In Lieu Tax Payments	1,000	1,000	350	(650)
Excess Fees	1,305,000	1,305,000	4,114,438	2,809,438
Licenses and Permits	221,000	221,000	219,920	(1,080)
Intergovernmental	361,300	361,300	371,480	10,180
Charges for Services	7,805,000	7,805,000	8,038,997	233,997
Miscellaneous	3,117,015	3,541,590	5,109,902	1,568,312
Interest	80,000	668,900	924,605	255,705
Total Receipts	<u>24,193,115</u>	<u>25,206,590</u>	<u>29,945,346</u>	<u>4,738,756</u>
DISBURSEMENTS				
General Government	8,068,743	17,592,275	17,096,255	496,020
Protection to Persons and Property	7,815,904	9,483,240	9,399,906	83,334
General Health and Sanitation	1,206,330	1,306,793	1,238,908	67,885
Social Services	121,000	121,000	86,567	34,433
Recreation and Culture	1,111,000	1,111,000	1,106,463	4,537
Transportation Facilities and Services	1,500,000	1,565,216	1,565,216	
Capital Projects	100,000	184,817	166,415	18,402
Administration	3,837,912	5,953,128	5,864,507	88,621
Total Disbursements	<u>23,760,889</u>	<u>37,317,469</u>	<u>36,524,237</u>	<u>793,232</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>432,226</u>	<u>(12,110,879)</u>	<u>(6,578,891)</u>	<u>5,531,988</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	72,154	219,654	1,153,120	933,466
Transfers To Other Funds	(10,499,850)	(10,499,850)	(11,398,770)	(898,920)
Total Other Adjustments to Cash (Uses)	<u>(10,427,696)</u>	<u>(10,280,196)</u>	<u>(10,245,650)</u>	<u>34,546</u>
Net Change in Fund Balance	(9,995,470)	(22,391,075)	(16,824,541)	5,566,534
Fund Balance - Beginning (Restated)	<u>9,995,470</u>	<u>22,782,755</u>	<u>34,943,093</u>	<u>12,160,338</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 391,680</u>	<u>\$ 18,118,552</u>	<u>\$ 17,726,872</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Licenses and Permits	\$ 18,000	\$ 18,000	\$ 14,445	\$ (3,555)
Intergovernmental	2,901,977	3,525,343	3,230,965	(294,378)
Miscellaneous	130,000	250,554	293,669	43,115
Interest	6,000	6,000	61,919	55,919
Total Receipts	<u>3,055,977</u>	<u>3,799,897</u>	<u>3,600,998</u>	<u>(198,899)</u>
DISBURSEMENTS				
General Government	8,625	8,625	7,195	1,430
Roads	8,963,834	9,639,732	7,914,206	1,725,526
Administration	588,518	709,262	590,039	119,223
Total Disbursements	<u>9,560,977</u>	<u>10,357,619</u>	<u>8,511,440</u>	<u>1,846,179</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(6,505,000)</u>	<u>(6,557,722)</u>	<u>(4,910,442)</u>	<u>1,647,280</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	6,500,000	6,500,000	6,510,232	10,232
Transfers To Other Funds	5,000	5,000		(5,000)
Total Other Adjustments to Cash (Uses)	<u>6,505,000</u>	<u>6,505,000</u>	<u>6,510,232</u>	<u>5,232</u>
Net Change in Fund Balance		(52,722)	1,599,790	1,652,512
Fund Balance - Beginning		<u>35,000</u>	<u>917,563</u>	<u>882,563</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (17,722)</u>	<u>\$ 2,517,353</u>	<u>\$ 2,535,075</u>

HARDIN 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	\$ 6,172,640	\$ 6,172,640	\$ 5,680,185	\$ (492,455)
Charges for Services	690,000	690,000	560,175	(129,825)
Miscellaneous	383,000	386,200	380,768	(5,432)
Interest	2,000	2,000	15,844	13,844
Total Receipts	<u>7,247,640</u>	<u>7,250,840</u>	<u>6,636,972</u>	<u>(613,868)</u>
DISBURSEMENTS				
Protection to Persons and Property Administration	6,345,582	6,392,281	6,214,473	177,808
Total Disbursements	<u>2,902,058</u>	<u>3,088,032</u>	<u>3,023,102</u>	<u>64,930</u>
Total Disbursements	<u>9,247,640</u>	<u>9,480,313</u>	<u>9,237,575</u>	<u>242,738</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,000,000)</u>	<u>(2,229,473)</u>	<u>(2,600,603)</u>	<u>(371,130)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,000,000	2,000,000	2,550,000	550,000
Transfers To Other Funds			<u>(150,000)</u>	<u>(150,000)</u>
Total Other Adjustments to Cash (Uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,400,000</u>	<u>400,000</u>
Net Change in Fund Balance		(229,473)	(200,603)	28,870
Fund Balance - Beginning			<u>465,702</u>	<u>465,702</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (229,473)</u>	<u>\$ 265,099</u>	<u>\$ 494,572</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 209,500	\$ 324,533	\$ 435,677	\$ 111,144
Interest	500	2,386	9,409	7,023
Total Receipts	<u>210,000</u>	<u>326,919</u>	<u>445,086</u>	<u>118,167</u>
DISBURSEMENTS				
Roads	210,000	485,622	351,942	133,680
Total Disbursements	<u>210,000</u>	<u>485,622</u>	<u>351,942</u>	<u>133,680</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(158,703)</u>	<u>93,144</u>	<u>251,847</u>
Net Change in Fund Balance		(158,703)	93,144	251,847
Fund Balance - Beginning		<u>158,703</u>	<u>158,703</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,847</u>	<u>\$ 251,847</u>

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

	STATE GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 550,000	\$ 977,875	\$ 477,503	\$ (500,372)
Interest			3,108	3,108
Total Receipts	<u>550,000</u>	<u>977,875</u>	<u>480,611</u>	<u>(497,264)</u>
DISBURSEMENTS				
General Government		427,875	253,000	174,875
Capital Projects	550,000	550,000	54,503	495,497
Total Disbursements	<u>550,000</u>	<u>977,875</u>	<u>307,503</u>	<u>670,372</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>173,108</u>	<u>173,108</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(173,085)	(173,085)
Total Other Adjustments to Cash (Uses)			<u>(173,085)</u>	<u>(173,085)</u>
Net Change in Fund Balance			23	23
Fund Balance - Beginning			<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23</u>	<u>\$ 23</u>

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

	FEDERAL GRANTS FUND			
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$ 10,973,646	\$ 10,973,645	\$ (1)
Interest			222,173	222,173
Total Receipts		<u>10,973,646</u>	<u>11,195,818</u>	<u>222,172</u>
DISBURSEMENTS				
Protection to Persons and Property		50,000		50,000
Capital Projects		9,135,000	965,053	8,169,947
Administration		1,641,146		1,641,146
Total Disbursements		<u>10,826,146</u>	<u>965,053</u>	<u>9,861,093</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>147,500</u>	<u>10,230,765</u>	<u>10,083,265</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds		<u>(147,500)</u>	<u>(385,584)</u>	<u>(238,084)</u>
Total Other Adjustments to Cash (Uses)		<u>(147,500)</u>	<u>(385,584)</u>	<u>(238,084)</u>
Net Change in Fund Balance			9,845,181	9,845,181
Fund Balance - Beginning			<u>778,291</u>	<u>778,291</u>
Fund Balance - Ending	<u>\$</u>	<u>0</u>	<u>\$ 10,623,472</u>	<u>\$ 10,623,472</u>

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

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 325,000	\$ 325,000	\$ 376,127	\$ 51,127
Intergovernmental	145,000	145,000	82,738	(62,262)
Charges for Services	6,600,250	6,600,250	6,993,306	393,056
Miscellaneous	236,380	236,380	286,490	50,110
Interest	8,000	8,000	55,389	47,389
Total Receipts	<u>7,314,630</u>	<u>7,314,630</u>	<u>7,794,050</u>	<u>479,420</u>
DISBURSEMENTS				
General Health and Sanitation	8,532,326	8,542,170	8,265,614	276,556
Administration	145,150	140,931	90,030	50,901
Total Disbursements	<u>8,677,476</u>	<u>8,683,101</u>	<u>8,355,644</u>	<u>327,457</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,362,846)</u>	<u>(1,368,471)</u>	<u>(561,594)</u>	<u>806,877</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,400,000	2,400,000	2,372,597	(27,403)
Transfers To Other Funds	<u>(1,037,154)</u>	<u>(1,037,154)</u>	<u>(1,000,000)</u>	<u>37,154</u>
Total Other Adjustments to Cash (Uses)	<u>1,362,846</u>	<u>1,362,846</u>	<u>1,372,597</u>	<u>9,751</u>
Net Change in Fund Balance		(5,625)	811,003	816,628
Fund Balance - Beginning			<u>4,221,096</u>	<u>4,221,096</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (5,625)</u>	<u>\$ 5,032,099</u>	<u>\$ 5,037,724</u>

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

	PERMANENT TRUST FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 20,974	\$ (19,026)
Total Receipts	<u>40,000</u>	<u>40,000</u>	<u>20,974</u>	<u>(19,026)</u>
DISBURSEMENTS				
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>40,000</u>	<u>40,000</u>	<u>20,974</u>	<u>(19,026)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(40,000)</u>	<u>(40,000)</u>	<u>(49,564)</u>	<u>(9,564)</u>
Total Other Adjustments to Cash (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(49,564)</u>	<u>(9,564)</u>
Net Change in Fund Balance			(28,590)	(28,590)
Fund Balance - Beginning			<u>1,150,755</u>	<u>1,150,755</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,122,165</u>	<u>\$ 1,122,165</u>

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

ALCOHOL BEVERAGE COMMISSION FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Licenses and Permits	\$ 3,200	\$ 3,200	\$ 5,676	\$ 2,476
Interest	50	50	141	91
Total Receipts	<u>3,250</u>	<u>3,250</u>	<u>5,817</u>	<u>2,567</u>
DISBURSEMENTS				
General Government	3,250	3,250		3,250
Total Disbursements	<u>3,250</u>	<u>3,250</u>		<u>3,250</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>5,817</u>	<u>5,817</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(5,119)	(5,119)
Total Other Adjustments to Cash (Uses)			<u>(5,119)</u>	<u>(5,119)</u>
Net Change in Fund Balance			698	698
Fund Balance - Beginning			<u>1,151</u>	<u>1,151</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,849</u>	<u>\$ 1,849</u>

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

	INDUSTRIAL TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$ 10,000	\$ 702,576	\$ 692,576
Licenses and Permits			15,150	15,150
Interest			13,035	13,035
Total Receipts		10,000	730,761	720,761
DISBURSEMENTS				
General Government		7,235	4,133	3,102
Capital Projects		2,765	2,762	3
Total Disbursements		10,000	6,895	3,105
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			723,866	723,866
Net Change in Fund Balance			723,866	723,866
Fund Balance - Beginning			3,047	3,047
Fund Balance - Ending	\$	0	\$ 726,913	\$ 726,913

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

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 515,447	\$ (34,553)
Charges for Services	2,138,000	2,138,000	2,189,123	51,123
Miscellaneous	200	200	580	380
Interest	4,000	4,000	42,718	38,718
Total Receipts	<u>2,692,200</u>	<u>2,692,200</u>	<u>2,747,868</u>	<u>55,668</u>
DISBURSEMENTS				
Protection to Persons and Property	3,292,050	3,655,910	3,483,688	172,222
Total Disbursements	<u>3,292,050</u>	<u>3,655,910</u>	<u>3,483,688</u>	<u>172,222</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(599,850)</u>	<u>(963,710)</u>	<u>(735,820)</u>	<u>227,890</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	599,850	599,850	976,173	376,323
Transfers To Other Funds			<u>(400,000)</u>	<u>(400,000)</u>
Total Other Adjustments to Cash (Uses)	<u>599,850</u>	<u>599,850</u>	<u>576,173</u>	<u>(23,677)</u>
Net Change in Fund Balance		(363,860)	(159,647)	204,213
Fund Balance - Beginning		<u>225,000</u>	<u>1,067,845</u>	<u>842,845</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (138,860)</u>	<u>\$ 908,198</u>	<u>\$ 1,047,058</u>

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 642,424	\$ 642,423	\$ (1)
Interest			14,320	14,320
Total Receipts		642,424	656,743	14,319
DISBURSEMENTS				
Administration		642,424		642,424
Total Disbursements		642,424		642,424
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			656,743	656,743
Net Change in Fund Balance			656,743	656,743
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 656,743	\$ 656,743

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

COUNTY CLERK FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$	\$ 831,580	\$ 831,580
Interest			8,629	8,629
Total Receipts			840,209	840,209
DISBURSEMENTS				
General Government		92,070	19,546	72,524
Total Disbursements		92,070	19,546	72,524
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(92,070)	820,663	912,733
Net Change in Fund Balance		(92,070)	820,663	912,733
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 820,663	\$ 912,733

HARDIN 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.

**HARDIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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**HARDIN 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 Homeland Security</u>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grants	97.042	EMA-2021-EP-00012	\$ _____	\$ 76,301
Total U.S. Department of Homeland Security			_____	76,301
<u>U. S. Department of Transportation</u>				
<i>Passed-Through Kentucky Department Transportation Cabinet</i>				
Highway Planning and Construction (Federal Aid Highway Program)	20.205	ED23QCVBME75	\$ _____	\$ 11,337
Total U.S. Department of Transportation			_____	11,337
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
Local Assistance and Tribal Consistency Fund (LATCF)	21.032		\$ _____	\$ 50,000
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		_____	965,053
Total U.S. Department of the Treasury			_____	1,015,053
<u>U. S. Department of Election Assistance Commission</u>				
<i>Passed-Through Kentucky Department of Board of Elections</i>				
HAVA (Help America Vote Act) Election Security Grants	90.404	157363644	\$ _____	\$ 147,500
Total U.S. Department of Election Assistance Commission			_____	147,500
Total Expenditures of Federal Awards			\$ 0	\$ 1,250,191

The accompanying notes are an integral part of this schedule.

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

Hardin 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.

HARDIN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

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HARDIN 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:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 22,853,338	\$ 2,252,558	\$ 17,836,245	\$ 7,269,651
Construction in Progress	2,105,918		2,105,918	
Buildings	36,796,802	56,928	1,782,736	35,070,994
Vehicles	6,569,841	778,377	741,313	6,606,905
Equipment	11,184,102	992,286	1,962,209	10,214,179
Landfill	36,457,489			36,457,489
Infrastructure	113,976,751	6,718,186		120,694,937
 Total Capital Assets	 <u>\$229,944,241</u>	 <u>\$ 10,798,335</u>	 <u>\$ 24,428,421</u>	 <u>\$216,314,155</u>

HARDIN 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 and Land Improvements	\$ 25,000	20-25
Buildings	\$ 30,000	10-50
Vehicles	\$ 5,000	5-15
Equipment	\$ 5,000	3-20
Landfill	\$ 25,000	20-25
Infrastructure	\$ 30,000	7-50

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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Keith L. Taul, Hardin County Judge/Executive
Members of the Hardin 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 Hardin County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Hardin County Fiscal Court's financial statement and have issued our report thereon dated April 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.



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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardin County Fiscal Court's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on Hardin 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 the response.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 17, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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ALLISON BALL
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 Keith L. Taul, Hardin County Judge/Executive
Members of the Hardin County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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



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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (Continued)

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

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

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 17, 2024

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

For The Year Ended June 30, 2023

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

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

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

Section II: Financial Statement Findings

Internal Control - Significant Deficiency

2023-001 The Hardin County Fiscal Court Did Not Have Adequate Oversight Over Emergency Medical Billing

Auditors were informed during the audit that an employee with the Hardin County Emergency Medical Service (EMS) was not properly completing ambulance run logs as required. Completed ambulance runs were improperly entered as “cancelled” by an EMS employee. This was discovered by EMS personnel and resulted in the resignation of the employee. The proper authorities were contacted, and charges were filed. Due to billable ambulance runs reported as cancelled, approximately 57 billable ambulance runs went undetected over a six-month period. The estimated value, based on standard billable service run rates, is between \$75,000 to \$100,000 for the six-month period.

Due to a lack of management oversight and review and approval of non-billable service runs, the cancelled runs went undetected for several months. When the billing clerk reviews ambulance run logs for billing purposes, cancelled runs are normally not followed up on due to no billable services being rendered. This lack of review of cancelled runs resulted in billable ambulance runs going undetected and a loss of revenue to the county for EMS service fees. The billing clerk has identified 57 canceled runs that should have been billed, and EMS is making every effort to collect the amount due. In addition, all ambulance runs are now accounted for to include cancelled runs. This internal control procedure was implemented after June 30, 2023.

Without strong management oversight of a significant internal control process, this includes accounting for all ambulance runs, the risk of misstatement significantly increases due to errors and/or theft that could go undetected. The EMS service fee receipts were understated on the county’s financial statement. Strong internal controls over management review and approval are vital to ensure proper accounting for all service fees due to county.

We recommend the Hardin County Emergency Medical Service billing personnel implement internal controls to account for all ambulance runs, including cancelled runs and make every effort to collect amounts due.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The Hardin County EMS Department has instituted a new process to ensure that ambulance run logs are processed through multiple employees and checked for accuracy by the Quality Control Coordinator.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

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

HARDIN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
HARDIN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Hardin 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